

B. COM. DEGREE (C.B.C.S.S) EXAMINATION, MARCH 2019
(2017 Admissions Regular, 2016 Admissions Improvement/Supplementary & 2015
Admissions Supplementary)

SEMESTER IV – CORE COURSE (COMMERCE)

CO4B15B - CORPORATE ACCOUNTING

(For Finance and Taxation & Capital Market)

Time: Three Hours

Maximum Marks: 80

PART A

I Answer all questions. Each question carries 1 mark

1. What do you mean by redemption of preference shares?
2. What is bonus share?
3. Who is an underwriter?
4. What is profit prior to incorporation?
5. What is net worth?
6. What is capital reduction scheme?

(6x1=6)

PART B

II Answer any seven questions. Each question carries 2 marks

7. What is consolidation of shares?
8. What do you mean by interim dividend and final dividend?
9. Mention the different types of underwriting.
10. Mention the accounting treatment of loss prior to incorporation.
11. Mention the profits and reserves not available for redemption of preference shares.
12. What are the advantages of underwriting?
13. State the sources of buy back of shares.
14. What is purchase consideration?
15. What do you mean by liquidation of company?
16. The amount due to unsecured creditors is Rs.7,00,000 and the amount available for unsecured creditors before charging commission on amount paid to unsecured creditors is Rs.5,25,000. 5% commission is to be paid on the amount paid to unsecured creditors. Calculate commission to liquidator.

(7x2=14)

PART C

III Answer any five questions. Each question carries 6 marks

17. What are the objectives of issuing bonus shares?
18. Differentiate amalgamation from external reconstruction from external reconstruction.
19. What are the different methods of calculating purchase consideration?
20. Distinguish between internal reconstruction from external reconstruction.
21. What do you mean by profit prior to incorporation? How is it treated?

22. AB Ltd has 30,000 equity shares of Rs.10 each, Rs.7 paid up. Resolution is passed to declare bonus to make the shares fully paid up and to issue bonus shares in the ratio 1:3. The company has sufficient amount of general reserve. Give journal entries in the books of the company.
23. Lal Ltd issued 2,00,000 equity shares of Rs.10 each, of which 50,000 shares were bought back at Rs.9 per share. The company issued 4,000 6% preference share of Rs.100 each at Rs.110 each. The company had Rs.2,00,000 in securities premium account and Rs.2,40,000 in general reserve. Give journal entries.
24. Brook Ltd issued 1000 shares of Rs.100 each at a premium of Rs.20 per share. The entire issue was underwritten by underwriters A,B and C as follows-
- A 5,000 shares (Firm underwriting-1,000 shares)
 - B 3,000 shares (Firm underwriting-500 shares)
 - C 2,000 shares (Firm underwriting-500 shares)
- Shares applied for were 9000- the following being the marked forms (including firm underwriting)
- A- 3,500 shares
 - B- 1,400 shares
 - C- 1,600 shares
- Calculate the liability of each underwriter and the commission each will get, assuming it is the maximum allowed by law.

(5x6=30)

PART D

IV Answer any two questions. Each question carries 15 marks

25. White Ltd acquired the business of Green Ltd as on December 31, 2010. The Balance Sheet of Green Ltd as on that date was-

liabilities	Rs.	Assets	Rs.
Rs.10 equity share capital	6,00,000	Goodwill	1,00,000
General reserve	2,80,000	Plant	6,40,000
6% Debentures	1,00,000	Stock	1,68,000
Creditors	20,000	Debtors	56,000
	10,00,000	Cash	36,000
			10,00,000

The purchase consideration was arrived at-

- (a) Cash payment of Rs.2.50 per share of Green Ltd
- (b) Issue of 90,000 shares of White Ltd at Rs.15 per share (includes Rs.5 premium)
- (c) Redeem debentures at 20% premium by issuing debentures in White Ltd at 96%
- (d) Cost of liquidation amounted to Rs.5,000

Close the books of Green Ltd and open the books of White Ltd.

26. The following balances appear in the books of ABC Ltd after the preparation of Profit and Loss Account for the year ending 31st March, 2007.

	Rs.
Paid up share capital – 50,000 shares of Rs.10 each	5,00,000
General Reserve	1,00,000
Profit and Loss account balance on 1-4-2006	52,000
Profit for the current year	1,28,000
Bank loan	1,64,000
Sundry Creditors	1,76,000
Unclaimed Dividend	2,000
Bills Payable	32,000
Plant and Machinery	58,000
Land and Buildings	1,82,000
Stock	5,80,000
Debtors	2,84,000
Cash at Bank	22,000
Prepaid expenses	28,000

The Board of Directors recommended the following appropriations-

(a) Transfer to General Reserve Rs.60,000.

(b) Proposed Dividend Rs.50,000.

(c) Provide 10% of proposed dividend for Corporate Dividend Tax.

Authorized capital is 1,00,000 shares of Rs.10 each. Prepare Profit and Loss Appropriation account and Balance Sheet in accordance with Schedule VI of the companies Act.

27. Sun Ltd went into voluntary liquidation on 30th September 2012. The following relate to the company on liquidation-

	Rs.
Secured creditors	1,60,000
(amount realized from Land and Building held as securities Rs.2,10,000)	
Preferential creditors	10,000
Liquidation expenses	4,000
Unsecured creditors	90,000
Debentures with floating charge	1,50,000
12% Preference shareholders	2,00,000
Equity share capital	3,00,000
(30,000 Equity shares of Rs.10 each fully paid)	

Liquidator is entitled to a commission of 4% of assets realized and 2% of amount distributed to unsecured creditors. Sundry assets realized Rs.5,50,000.

Prepare Liquidator's Final Statement of Account

28. Prepare the Balance Sheet of a company in vertical form with imaginary figures

(2x15=30)