TB164730B **Reg. No: ....**

Name: ....

B. COM. DEGREE (C.B.C.S.S.) EXAMINATION, APRIL 2018
(2016 Admissions Regular and 2015 Admissions Supplementary/Improvement)
SEMESTER IV – CORE COURSE (COMMERCE)
CO4B15B - CORPORATE ACCOUNTING
(For B. Com Taxation and 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 marked applications?
2. What is Absorption?
3. What is Profit and Loss Appropriation?
4. What is intrinsic value?
5. What do you mean by preliminary expenses?
6. What do you mean by CRR?

(6x1=6)

PART B

II Answer any seven questions. Each question carries 2 marks

7. State any two objectives of bonus issue.
8. On preparation of liquidator's Final Statement of Account, explain how would you treat interest due on debentures?
9. Distinguish between amalgamation and external reconstruction.
10. What do you mean by sub underwriting?
11. What is Voluntary liquidation?
12. What do you mean by Interim dividend and Final dividend?
13. What is securities premium? What are the purposes for which it can be utilised?
14. What is profit prior to incorporation?
15. X Ltd. acquires the business of Y Ltd. for which X Ltd. pays Rs. 10,00,000 in equity shares of Rs. 10 each, Rs. 7,00,000 in 15% debentures of X Ltd. and Rs. 4,50,000 in cash. Creditors for Rs. 1,50,000 and employees' security deposit Rs. 30,000 are also assumed by X Ltd. Calculate Purchase Consideration.
16. ABC Ltd. has 50,000 equity shares of Rs. 10 each, Rs. 8 paid up. It is resolved to make the shares fully paid up by bonus issue. The company has General Reserve Rs. 2,00,000. Give entries in connection with bonus issue.

(7x2=14)

PART C

III Answer any five questions. Each question carries 6 marks.

17. What are the steps for calculating profit prior to incorporation?
18. What are the conditions for amalgamation in the nature of merger?
19. Explain in detail the term preferential creditors.
20. What are the different types of underwriting?
21. Jayalal Ltd. went into voluntary liquidation. The following relate the company:
    Equity share capital: 50000 share of Rs. 10 each 5,00,000

Debentures with floating charge	2,00,000
Unsecured Creditors	2,60,000
Preferential Creditors	24,000
Cost of Liquidation	7,000
Liquidator's remuneration	9,000
Secured Creditors (securities realized Rs. 90000)	80,000
Sundry assets realized	5,90,000

Prepare Liquidator's final statement of Account.

22. Following figures have been extracted from the books of ABC Ltd. as on 31-3-12.

Authorised Capital:	
50,00,000 Equity Shares of Rs. 10 each	Rs. 5,00,00,000
Issued and Subscribed Capital:	
50,00,000 Equity Shares of Rs. 10 each	Rs. 5,00,00,000
Reserves & Surplus:	
General Reserve	Rs. 80,00,000
Surplus A/c	Rs. 20,00,000
Capital Reserves	Rs. 30,00,000
Securities Premium	Rs. 15,00,000
14% Debentures	Rs. 50,00,000
Cash and Bank Balance	Rs. 1,00,00,000

The company decided to buyback 25% of the paid up equity share capital at face value. It was also decided to issue further 14% debentures of Rs. 50,00,000 at par for the purpose of buyback. Pass necessary journal entries.

23. Following is the balance sheet of X Ltd. as on 31st March 2014

Liabilities	Amount	Assets	Amount
Equity share capital		Fixed Assets	22,00,000
(1,00,000 shares of Rs.10)	10,00,000	Debtors	1,40,000
50,000 preference shares of Rs.		Stock	2,00,000
10 each	5,00,000	Investments	3,00,000
Capital Redemption Reserve	50,000	Cash and Bank	1,60,000
General reserve	2,10,000		
Security Premium	40,000		
Profit & Loss A/c	2,00,000		
Current Liabilities	10,00,000		
	30,00,000		30,00,000

The preference shares are to be redeemed at 10% premium. Fresh issue of equity shares of Rs. 10 each at par is to be made to the extent required under the Companies Act for the purpose of redemption. The investments are sold for Rs. 3,00,000 itself in order to raise cash for financing the payment. Holders of 1,000 preference shares could not be traced for payment till date.

Show journal entries and also prepare the new Balance Sheet after redemption.

24. Rajan issued 12,000 shares of Rs. 10 each at a premium of Rs. 2 per share. The entire issue was underwritten by P,Q,R as follows:

P- 6,000 shares (including firm underwriting 1,000 shares)

Q- 4,000 shares (including firm underwriting 600 shares)

R- 2,000 shares (including firm underwriting 400 shares)

Applications were received for 10,800 shares, the following being the marked forms (including firm underwriting):

P- 3,600 shares; Q- 2,000 shares; R- 1,600 shares.

The full amount on the shares were payable with application.

Determine the liability of each underwriter.

(5x6=30)

PART D

IV Answer any two questions. Each question carries 15 marks

25. Explain the SEBI guidelines regarding issue of bonus shares.

26. The Tyson Ltd. with an authorized capital of Rs. 10,00,000 in equity shares of Rs. 10 each issued 80,000 shares. The following is the trial balance of the company as on 31-12-2012.

	Dr.	Cr.
Equity share capital		8,00,000
Calls in arrears	10,000	
Securities Premium		1,00,000
8% Debentures		3,00,000
Sales		3,80,000
Stock on 1-1-2012	42,000	
Plant & Machinery	3,00,000	
Purchases	1,60,000	
Wages	10,000	
Salary	18,000	
Office Expenses	6,000	
Commission		12,000
Sundry Debtors	80,000	
Sundry Creditors		18,000
Bills Payable		12,000
Furniture	1,00,000	
Cash at Bank	30,000	
Cash in hand	10,000	
Preliminary Expenses	56,000	
10% Investment	3,00,000	
Goodwill	6,00,000	
P & L a/c (1-1-2012)		1,00,000
	17,22,000	17,22,000

Additional Information:

1. Stock on 31-12-2012 is valued at Rs. 12,000.
2. Interest accrued on investment Rs. 30,000.
3. Salary outstanding Rs. 6,000.
4. One-tenth of preliminary expenses to be written off.
5. Transfer Rs. 30,000 to general reserve.
6. Directors recommended a dividend of 10% on paid up capital.
7. Provide for taxation Rs. 35,000.

8. Provide for debenture interest for one year.
9. Ignore corporate dividend tax.
   Prepare Trading and Profit and loss a/c, profit and loss appropriation a/c and Balancesheet.

27. Mr. A Ltd. and B Ltd. doing the same type of business agree to amalgamate as from 1st January 2005 on which date their respective Balance Sheet were as follows:

Liabilities	Amount	Amount	Assets	Amount	Amount
Equity Capital (shares of Rs.10 each)	2,00,000	3,00,000	Land & Buildings	2,00,000	2,50,000
			Machinery	50,000	40,000
		20,000	Stock	1,20,000	1,30,000
Reserve	30,000	1,80,000	Debtors	60,000	40,000
Creditors	2,20,000		Cash	20,000	40,000
	4,50,000	5,00,000		4,50,000	5,00,000

A new company, AB Ltd. is formed with an authorized capital of Rs. 10,00,000 divided into shares of Rs. 10 each to acquire the business (all assets and liabilities) of both A Ltd. and B Ltd.

The purchase consideration is agreed at Rs. 3,00,000 for A Ltd. and Rs. 3,50,000 for B. Ltd. in fully paid up shares of AB Ltd.

The Land and Buildings of A Ltd. are valued at Rs. 2,20,000 and that of B Ltd. at Rs. 2,60,000.

Give Journal Entries in the books of A Ltd. and B Ltd.

28. Following is the balance sheet of Weak Co. Ltd. as on 31st March, 2012:

Liabilities	Rs.	Assets	Rs.
1,00,000 equity shares of Rs.10 each	10,00,000	Land	1,00,000
Sundry Creditors	1,73,000	Plant & Machinery	2,30,000
		Furniture & Fittings	68,000
		Stock	1,50,000
		Debtors	70,000
		Cash at Bank	5,000
		Surplus A/c (Dr. Balance)	5,50,000
	11,73,000		11,73,000

The approval of the cost was obtained for the following scheme of reduction of capital:

The equity shares to be reduced to Rs. 4 per share.

Plant and Machinery to be written down to Rs. 1,50,000.

Stock to be revalued at Rs. 1,40,000.

The provision on debtors for doubtful debts to be created Rs. 2,000.

Land to be revalued at Rs. 1,42,000.

Pass Journal entries to give effect to the above arrangement and also prepare reconstruction account.

(2x15=30)