

E 1105

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Reg. No.....

Name.....

**B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2015**

**Fourth Semester**

Core Course XI—CORPORATE ACCOUNTING

(Common for Model I, II and UGC sponsored B.Com. Degree programmes)

[Prior to 2013 Admissions]

Time : Three Hours

Maximum Weight : 25

*Answers may be written either in English or in Malayalam.*

**Section A**

*Answer all questions.*

*Each bunch of four questions carries a weight of 1.*

I. Choose the correct answer :

1. The price paid by the purchasing company to the liquidated companies is termed as \_\_\_\_\_.  
(a) Sales consideration. (b) Purchase consideration.  
(c) Selling price. (d) None of these.
2. The conversion of shares of larger denomination into shares of smaller denomination is :  
(a) Consolidation of shares. (b) Subdivision of shares.  
(c) Absorption. (d) Amalgamation.
3. When shares are redeemed out of accumulated profit, an amount equal to the amount paid is transferred to :  
(a) Capital reserve. (b) Bonus Account.  
(c) General reserve. (d) Capital redemption reserve.
4. Profit prior to incorporations is debited in :  
(a) Reserve account. (b) Profit and loss account.  
(c) Goodwill account. (d) Miscellaneous expenditure.

II. Fill in the blanks :

5. In companies balance sheet proposed dividend come under \_\_\_\_\_.
6. Realisation account is a \_\_\_\_\_ account
7. \_\_\_\_\_ Consist of alteration and reduction in share capital.
8. Capital redemption reserve can be utilised for issue of \_\_\_\_\_.

**Turn over**

III. State whether the following statements are True or False :—

9. A contributory can only be a present member of the liquidated company.
10. In subdivision of shares, the share capital increases and the number of shares increase accordingly.
11. On consolidation share capital does not change.
12. Only fully paid up redeemable preference shares can be redeemed by a company.

IV. Match the following :—

- |                                 |                             |
|---------------------------------|-----------------------------|
| 13. Net asset                   | — Sinking fund investment.  |
| 14. Internal reconstruction     | — Loss to the business.     |
| 15. Sinking fund                | — Net worth.                |
| 16. Capital redemption reserves | — Revaluation account.      |
|                                 | — Capital reduction scheme. |
|                                 | — Fully paid bonus shares.  |

(4 × 1 = 4)

#### Section B

*Answer any five questions.  
Each question carries a weight of 1.*

17. What is redeemable preference shares ?
18. What is cash bonus ?
19. What is firm underwriting ?
20. What is corporate dividend tax ?
21. What is external reconstruction ?
22. What is a Capital Reduction Account ?
23. What is fraudulent preference ?
24. What is interim dividend ?

(5 × 1 = 5)

#### Section C

*Answer any four questions.  
Each question carries a weight of 2.*

25. What is amalgamation ? How does it differ from absorption ?
26. What is the order of payment of liabilities under liquidation ?
27. What do you mean by consolidation and sub-division of shares ?
28. Jain Ltd. having 60,000 shares is absorbed by JB Ltd. On the basis of intrinsic value of Rs. 10 and Rs. 15 per share respectively. Calculate the consideration to be paid, the number of shares to be issued and the ratio of exchange.

29. AB Ltd. with a share capital of 2,00,000 equity shares of Rs. 10 each fully paid decided to repay its members Rs. 2 per share by way of capital reduction. Pass the necessary journal entry.
30. on 1st January 2000 AB Ltd issued 4000, 15% debentures of Rs. 100 each/ redeemable on 31st December, 2005, at a premium of 5%. Pass journal entries in the books of the company on issue and redemption of debentures

(4 × 2 = 8)

**Section D**

*Answer any two questions.  
Each question carries a weight of 4.*

31. Prepare Balance Sheet of Bright Ltd. as on 31<sup>st</sup> March 2014 from the details given below :

	Rs.
Share capital	— 42,20,000
Cash and cash equivalents	— 22,200
Application money pending allotment	— 60,000
Other long term liabilities	— 70,000
Capital work-in progress	— 6,00,000
Trade payables	— 2,83,000
Short-term provisions	— 1,30,000
Long term borrowings	— 2,00,000
Long term provisions	— 1,30,000
Long term loans and advances	— 6,04,000
Reserves and surplus	— 1,80,000
Trade receivables	— 2,50,000
Tangible fixed assets	— 25,00,000
Intangible fixed assets	— 2,44,000
Intangible assets underdevelopment	— 3,50,000
Other current liabilities	— 40,000
Current investment	— 42,800
Inventories	— 7,00,000

32. The Balance Sheet of XY Ltd. as on 31st December 2013 was as follows :—

<i>Liabilities</i>	<i>Amount</i>	<i>Assets</i>	<i>Amount</i>
Share Capital		Goodwill	... 25,000
10,000, 10% pref. shares of Rs. 10		Other fixed assets	... 90,000
each	... 1,00,000	Stock	... 25,000

Turn over

<i>Liabilities</i>		<i>Amount</i>	<i>Assets</i>		<i>Amount</i>
1,000 Equity shares of Rs. 100 each	...	1,00,000	Debtors	...	30,000
Creditors	...	15,000	Profit and loss a/c.	...	45,000
		<u>2,15,000</u>			<u>2,15,000</u>

The company got the following scheme of re-construction approved by the court.

- 1 Equity shares of Rs. 100 each be reduced to fully paid up shares of Rs. 50 each.
- 2 10% preference shares of Rs. 10 each be reduced to 10% preference shares of Rs. 6 each fully paid up.
- 3 Goodwill and debit balance of profit and loss a/c be fully written off.
- 4 The balance of the amount be used to write off other fixed assets.

Give journal entries and revised balance sheet of the company. Also prepare Capital Reduction Account.

33. The following balance appear in the books of ABC Ltd. after the preparation of profit and loss account for the year ending 31st march, 2006 :—

	Rs.
Paid up share capital: in 12,500 shares of Rs. 10 each	1,25,000
General reserve	25,000
Profit and loss balance on 1-4-2005	13,000
Profit for current year	32,000
Bank loan	41,000
Sundry creditors	52,000
Unclaimed dividend	500
Land and buildings	60,000
Stock	1,45,000
Debtors	71,000
Cash at bank	5,500
Prepaid expenses	7,000

The Board of Directors recommended the following appropriations :—

- (a) Transfer to general reserve Rs.15,000.
- (b) Proposed dividend Rs.12,500.
- (c) Provide 10% of proposed dividend for corporate dividend tax.

Authorised capital is 25,000 shares of Rs. 10 each.

Prepare profit and loss appropriation account and balance sheet in accordance with Schedule VI of the companies Act.

(2 × 4 = 8)