

**E 6138**

(Pages : 4)

Reg. No.....

Name.....

**B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2017**

**Fourth Semester**

**Core Course XI—CORPORATE ACCOUNTING**

(Common for Model I, Model II and U.G.C. Sponsored B.Com. Degree Programmes)

[2013 Admission onwards]

Time : Three Hours

Maximum Marks : 80

**Part A**

*Answer all questions.  
Each question carries 1 mark.*

1. What is Securities Premium ?
2. What is Stock Split ?
3. What is Cooling Off Period ?
4. What is Sub-Underwriting ?
5. What is Corporate Dividend Tax ?
6. What is Intrinsic Value ?
7. What is Internal Reconstruction ?
8. What is Deficiency Account ?
9. What is escrow account ?
10. Who is a Contributory ?

(10 × 1 = 10)

**Part B**

*Answer any eight questions.  
Each question carries 2 marks.*

11. What is capital redemption reserves ? What is the purpose for which it can be utilised ?
12. What are the objectives of issuing bonus shares ?
13. Explain the method of buyback of shares.
14. What is fraudulent preference ?
15. What are the items covered under the heading 'Miscellaneous expenditure' ?
16. What is net worth method of calculating purchase consideration ?
17. Distinguish internal reconstruction from external reconstruction.
18. Write a note on alteration of capital.

Turn over

19. What are the powers entrusted with the liquidator ?  
 20. What do you mean by consolidation and sub-division of shares ?  
 21. What is profit prior to incorporation ?  
 22. A company with equity share capital of Rs. 20,00,000 in shares of Rs. 10 each reduces the shares by Rs. 5 each under capital reduction scheme. The amount thus available is utilised for writing off goodwill. Give entries in the books of the company.

(8 × 2 = 16)

## Part C

Answer any six questions.  
 Each question carries 4 marks.

23. What is the order of payment of liabilities under liquidation ?  
 24. Explain about preferential creditors.  
 25. Explain about different types of underwriting.  
 26. Explain different methods of calculating purchase consideration.  
 27. Mention the guideline given by SEBI for issue of bonus shares.  
 28. A company has equity share capital of Rs. 10,00,000 consisting 10,000 shares of Rs. 100  
 (a) It is resolved to sub-divide the share into shares of Rs. 10 each ; (b) To ask the shareholders to surrender 50 % of their shares ; (c) To issue 60 % of the surrendered shares to 15 % debenture holders of Rs. 5,00,000 in full settlement of their claims ; (d) To cancel the unissued surrendered shares.  
 Give entries in the book of the company.  
 29. XY Ltd. resolved to buyback 1,20,000 fully paid equity shares of Rs. 10 each at par. For the purpose, it issued 40,000 14 % preference shares of Rs. 10 each at par, the total sum being payable with applications. The company has Rs. 18,00,000 in general reserve account to fulfill the legal requirements regarding buyback. The expense on buyback amounted to Rs. 80,000. Pass journal entries for all the transactions involved in the buyback.  
 30. From the following particulars, calculate weighted time ratio for pre and post incorporation period and share the salaries accordingly :—  
 Accounting period—1-1-2010 to 31-12-2010.  
 Date of incorporation—1<sup>st</sup> April 2010.  
 Total salaries of the year Rs. 20,00,000.  
 Total number of workers.  
 Pre-incorporation period—10.  
 Post incorporation period—20.

31. On liquidation of DD Ltd. the amount realised by sale of assets is Rs. 3,75,000 and the amount due is Rs. 4,25,000. Including Rs. 12,500 preferential creditors. Calculate remuneration of liquidator if he is entitled to a commission of 3% on amount realised and 2% on amount distributed amongst the unsecured creditors.

(6 × 4 = 24)

## Part D

Answer any two of the following questions.  
 Each question carries 15 marks.

32. From the following trial balance and additional information provided, prepare accounts of Baby and Co. Ltd. for the year ending 31st March 2010 :

Particulars		Dr.	Cr.
Capital 30,000 equity shares of Rs. 10 each fully paid	...	2,25,000	3,00,000
Stock (1.4.2009)	...	7,35,000	10,50,000
Purchase and sales	...	1,50,000	15,000
Productive wages	...	21,000	22,500
Discount	...	14,850	51,150
Rent	...	51,150	45,000
General Expenses	...	27,000	1,12,500
Profit and Loss account (1.4.2009)	...	87,000	52,500
Dividend paid for last year	...	48,600	46,500
Debtors and creditors	...	9,750	4,650
Plant and machinery	...	15,09,000	15,09,000
Cash at bank	...	4,650	...
Reserve	...	...	...
Loan to Managing Directors	...	...	...
Bad debts	...	...	...

## Additional information :—

- (a) Stock on 31<sup>st</sup> March 2010 Rs. 2,46,000 ; (b) Depreciate machinery @ 10 % pa ; (c) Reserve 5 % on debtors for doubtful debts ; (d) provide 2 % for discount on creditors ; (e) One month rent Rs. 1,350 was due on 31<sup>st</sup> march 2010 ; (f) six months insurance was unexpired at Rs. 2,250 per annum ; (g) Provide Rs. 13,668 for income tax ; (h) The Board recommends a dividend @ 20 % per annum ; (i) Make provision for corporate dividend tax at the applicable rate ; and (j) Transfer to general reserve 5% of net profit.

Turn over

33. Soorya Ltd. went into voluntary liquidation on 31<sup>st</sup> December, 2014 when their balance sheet read as follows :—

<i>Liabilities</i>	<i>Amount Rs.</i>	<i>Assets</i>	<i>Amount Rs.</i>
Issued and subscribed capital		Land and Buildings	... 7,50,000
15,000 10 % cumulative		Plant and machinery	... 18,75,000
preference shares of Rs. 100		Patents	... 3,00,000
each full paid	... 15,00,000	Stock	... 4,12,500
7,500 equity shares of Rs. 100		Sundry debtors	... 8,25,000
each, Rs. 75 paid	... 5,62,500	Cash at bank	... 2,25,000
22,500 equity shares of Rs. 100		Profit and Loss Account	... 8,43,750
each, Rs. 60 paid	... 13,50,000		
15 % Debentures secured			
by a floating charge	... 7,50,000		
Interest outstanding on			
debentures	... 1,12,500		
Trade Creditors	... 9,56,250		
	52,31,250		52,31,250

Preference dividends were in arrear for 2 years and the creditors included preferential creditors of Rs. 1,14,000.

The assets realised as follows :

Land and building Rs. 9,00,000 ; Plant and machinery Rs. 15,00,000 ; Patents Rs. 2,25,000 ; Stock Rs. 4,50,000 ; Sundry debtors Rs. 6,00,000.

The expenses of liquidation amounted to Rs. 81,750. The liquidator is entitled to a commission of 3 % on assets realised except cash. Assuming the final payment including those on debentures is made on 30<sup>th</sup> June, 2016. Show the liquidator's Final statement of account.

34. What is vertical balance sheet ? Give a specimen of it.

35. XY Ltd. is formed to take over X Ltd. for Rs. 12,50,000 and 6,25,000, payable in equity shares of Rs. 10 each. The balance sheets of two companies as on 31st March 2010 are given below :

<i>Liabilities</i>	<i>X Ltd. Rs.</i>	<i>Y Ltd. Rs.</i>	<i>Assets</i>	<i>X Ltd. Rs.</i>	<i>Y Ltd. Rs.</i>
Share capital	... 9,37,500	7,50,000	Land and building	... 2,50,000	1,25,000
Reserve	... 2,50,000	31,250	Plant and machinery	... 2,81,250	93,750
Sundry Creditors	... 3,75,000	1,25,000	Stock	... 4,37,500	1,87,500
Bills payable	... 62,500	93,750	Sundry debtors	... 5,00,000	2,50,000
			Bills receivable	... 93,750	1,25,000
			Cash and bank	... 62,500	2,18,750
	16,25,000	1,00,000		16,25,000	1,00,000

Additional information :

(a) Sundry Debtors of Y Ltd. include Rs. 62,500 due from X Ltd. and

(b) Bills payable of X Ltd. include Rs. 50,000 acceptances in favour of Y Ltd. But bills receivable of Y Ltd. includes Rs. 31,250 accepted by X Ltd.

Bills discounted by Y Ltd. but not yet matured amounts to Rs. 18,750.

You are required to pass acquisition entries in the books of XY Ltd. and to prepare Balance Sheet of XY Ltd.

(2 × 15 = 30)