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Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MAY 2024

Fourth Semester

Core Course—CORPORATE ACCOUNTING

(2012—2016 Admissions—Mercy Chance)

[For Private Registration Candidates]

Time : Three Hours

Maximum Weight : 25

Instructions : *This question paper contains two sections. Answer Section I questions in the answer book provided. Section II Internal Examination questions must be answered in the question paper itself. Follow the detailed instructions given under Section II.*

Section I

PART A

Answer all questions.

Each bunch of four questions carries a weight of 1.

I. Choose the correct answer from the choices given below :

- 1 In purchase method, excess of purchase consideration over the net assets taken over is treated as _____.
 - (a) Capital reserve.
 - (b) Revenue reserve.
 - (c) Statutory reserve.
 - (d) Goodwill.
- 2 The factor which is not affecting the value of goodwill :
 - (a) Profitability.
 - (b) Size of the business.
 - (c) Normal rate of return.
 - (d) Capital employed .
- 3 Amounts sacrificed by shareholders are credited to _____.
 - (a) Capital reserve Account.
 - (b) Profit and Loss Account.
 - (c) Reconstruction Account.
 - (d) Balance sheet.

Turn over





4 Liquidators final statement of account is in the form of :

- (a) Profit and Loss Account.
- (b) Balance sheet.
- (c) Receipts and payments Account.
- (d) Income and Expenditure Account.

II. Fill in the blanks :

- 5 Tax on dividend is known as _____.
- 6 Securities premium account is shown under the heading _____.
- 7 If the reorganization is carried out without liquidating the company, it is _____.
- 8 _____ is the first item in the order of payment to be made by the liquidator.

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

- 9 Statement of affairs is prepared by the liquidator.
- 10 Cancellation of unissued capital is not a case of capital reduction.
- 11 Corporate Dividend Tax is to be recorded in Profit and Loss appropriation account.
- 12 Liquidators final statement of account is an account of receipts and payments of the company undergoing liquidation.

IV. Match the following :

- | | |
|------------------------------|------------------------------|
| 13 Preferential creditors | (a) Shareholder. |
| 14 Contributory | (b) List C. |
| 15 Capital reduction account | (c) Amalgamation. |
| 16 AS-14 | (d) Internal reconstruction. |
| | (e) Creditors. |
| | (f) List B. |

(4 × 1 = 4)





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Part B

*Answer any **five** questions.*

Each question carries a weight 1.

17. What do you mean by amalgamation ?
18. What is Buy back of shares ?
19. What do you mean by purchase consideration ?
20. What is surrender of shares ?
21. Give any *two* examples of contingent liabilities.
22. Define contributory.
23. What do you mean by Buy back of shares ?
24. What is underwriting ?

(5 × 1 = 5)

Part C

*Answer any **four** questions.*

Each question carries a weight of 2.

25. What are the guidelines in the issue of bonus shares ?
26. How is liquidator's final statement of account prepared ?
27. Explain the difference between amalgamation and internal reconstruction.
28. A company has 10,000 11 % redeemable preference shares of Rs. 100 each fully paid. The company decides to redeem the shares at par. For the purpose it issues 50,000 equity shares at Rs. 10 each and the balance is made available from the accumulated profit. The issue was fully subscribed and all the amounts were received. The redemption was duly carried out.

Draft the necessary journal entries.

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29. From the following calculate Liquidators remuneration.

A liquidator is entitled to receive remuneration @ 2 % of the assets realized and 3 % on the amount distributed among the unsecured creditors. The assets realized are Rs. 50,00,000 against which payments are made as follows :

Liquidation expenses Rs. 20,000 Preferential Creditors Rs. 70,000 Secured Creditors Rs. 30,00,000
Unsecured Creditors Rs. 20,00,000

30. X Ltd. has redeemable preference share capital of Rs. 8,00,000 in 10,000 preference shares of Rs. 100 each, Rs. 80 paid. It is resolved to redeem the shares at a premium of 20 % after fulfilling the formalities. The company makes the following issues :

- (i) 50,000 equity shares of Rs 10 each at a premium of 50 % and
- (ii) 2000 15 % debentures of Rs. 100 each.

The company has credit balance in Profit and Loss Account Rs 300,000 and General Reserves Rs. 4,00,000. Give journal entries required on implementing the scheme.

(4 × 2 = 8)

Part D

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

31. A company was incorporated on 1st August 2010 acquiring the business of a sole trader with effect from 1st April 2016. The accounts of the company were closed for the first time on 31st December 2010, disclosing a profit of Rs. 2,10,000. The establishment expenses were Rs. 54,000 ; directors fees Rs. 4,000 per month ; preliminary expenses written off Rs. 5,000 ; rent upto September 2016 was Rs. 500 per month which was thereafter increased to Rs. 1,000 per month. Salary to the manager was at Rs. 3,000 per month who was appointed a director at the time of incorporation of the company. Prepare a statement showing profits prior and subsequent to incorporation , assuming that the net sales were Rs. 32,40,000, the monthly average of which for the first 4 months was half of that of the remaining period.





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32. X Company Ltd. and Y Company Ltd. agree to amalgamate to form Z Ltd. as from 31st December 2016 on which date their respective Balance sheets were as follows:

<i>Liabilities</i>	X Ltd.	Y Ltd.	<i>Assets</i>	X Ltd.	Y Ltd.
Share capital :			Fixed Assets :	36,00,000	24,00,000
Share of Rs. 100			Less :		
each	18,00,000	12,00,000	Depreciation	6,00,000	4,50,000
10 % preference				30,00,000	19,50,000
shares of Rs. 100 each	9,00,000	6,00,000	Investments	1200,000	4,50,000
Reserves and			Current assets :		
Surplus :			Stock	9,00,000	4,50,000
Capital reserve	6,50,000	4,00,000	Debtors	12,00,000	6,00,000
General reserve	9,00,000	4,50,000	Cash and Bank	9,00,000	4,50,000
Profit and Loss Account	3,00,000	1,50,000			
Secured loans	12,00,000	6,00,000			
Trade Creditors	9,00,000	3,00,000			
Tax provision	6,00,000	1,50,000			
	72,00,000	39,00,000		72,00,000	39,00,000

- (a) Preference shareholders of the two companies are issued equipment number of 12 % preference shares of Z Ltd.
- (b) Z Ltd will issue one equity share of Rs. 100 each for every share of X Ltd. and Y Ltd.
- (c) Prepare the balance Sheet of Z Ltd. on the assumption that the amalgamation is in the nature of merger.

Turn over





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33. Prepare Liquidators final statement of account :

	Rs.
Preferential Creditors	... 1,00,000
Unsecured Creditors	... 2,32,000
6 % Debentures	... 1,20,000

The assets realized Rs. 3,20,000. The expenses of liquidation amounted to Rs. 6,000. And the liquidators remuneration was agreed at 2.5 % on the amount realized and 2 % of the amount paid to unsecured creditors including the preferential creditors.

(2 × 4 = 8)

