



K17U 1865

Reg. No. :

Name :

V Semester B.Com. Degree (CBCSS – Reg./Sup./Imp.)

Examination, November 2017

(2014 Admn. Onwards)

Core Course

5B11 COM : CORPORATE ACCOUNTING

Time : 3 Hours

Max. Marks: 40

PART – A

I. Answer **all** questions. **Each** question carries $\frac{1}{2}$ mark.

1. List of H shows _____ Account.
2. Dividend declared between two annual general meetings is called _____
3. The method used by banks for posting entries rapidly to books kept on double entry principles is known as _____
4. Profit prior to incorporation is a _____ profit. **(4× $\frac{1}{2}$ =2)**

PART – B

II. Answer **any four** questions from the following. **Each** question carries **one** mark.

5. What is statutory reserve in banking companies ?
6. What is internal reconstruction ?
7. What is rebate on bills discounted ?
8. What is reserve capital ?
9. What do you mean by a contingent liability ? Give an example.
10. What do you mean by liquidation of a company ? **(4×1=4)**

P.T.O.



PART – C

III. Answer **any 6** questions (**not** exceeding **one** page). **Each** question carries **three** marks.

11. What are the differences between Provision and Reserve ?
12. The paid-up capital of Toy Ltd. amounted to Rs. 2,50,000 consisting of 25,000 equity shares of Rs.10 each. Due to losses incurred by the company continuously the directors of the company prepared a scheme for reconstruction which was duly approved by the court. The terms of reconstruction were as follows :
- i) In lieu of their present holding, the shareholders are to receive :
 - a) Fully paid ordinary shares equal to $\frac{2}{5}$ th of their holding.
 - b) 5% preference shares fully paid to the extent of 20% of the above new equity shares.
 - c) 3,000, 6% second debentures of Rs. 10 each.
 - ii) An issue of 2,500, 5% Debentures of Rs.10 each was made and fully subscribed in cash.
 - iii) The assets were reduced as follows :
 - a) Goodwill from Rs. 1,50,000 to Rs. 75,000.
 - b) Machinery from Rs. 50,000 to Rs. 37,500.
 - c) Leasehold premises from Rs. 75,000 to Rs. 62,500.
- Give Journal Entries in the books of the company for the implementation of the above scheme.
13. State the difference between amalgamation in the nature of merger and amalgamation in the nature of purchase.



14. In respect of the following transactions of PN Bank Ltd. pass necessary Journal Entries as well as their treatment in the P&L A/c and Balance Sheet for the year ended 31st December 2016.

The following bills are discounted at 5%.

Date of the Bill	Amount Rs.	Terms (Month)
23-12-2016	60,000	3
19-09-2016	1,20,000	4
20-10-2016	4,50,000	3
30-11-2016	40,000	5

15. Following particulars relate to a limited company which has gone into voluntary liquidation. You are required to prepare the Liquidator's final statement of account allowing for his remuneration @ 2% on the amount distributed to unsecured creditors other than preferential creditors.

Unsecured creditors Rs. 2,24,000; Preferential creditors Rs. 70,000; Debentures 75,000.

The assets realized the following sums :

Cash in hand Rs. 20,000; Land and Buildings Rs. 1,30,000; Plant and Machinery Rs. 1,10,500; Fixtures and Fittings Rs. 7,500.

The liquidation expenses amounted to Rs. 2,000. A call of Rs. 2 per share on the partly paid 10,000 equity shares was made and duly paid except in case of one share holder owning 500 shares.

16. Delhi Company, incorporated on 1st April 2016 took over running business from 1st January 2016. The company prepares its first final accounts on 31st December 2016. From the following information, you are required to calculate the sales ratio of pre-incorporation and post incorporation periods.

a) Sales for January, 2016 to December 2016 Rs. 4,80,000.

b) The sales for the month of January twice of the average sales; for the month of February equal to average sales, sales for four months May to August – 1/4 of the average of each month; and sales for October and November three times the average sales.



14. In respect of the following transactions of PN Bank Ltd. pass necessary Journal Entries as well as their treatment in the P&L A/c and Balance Sheet for the year ended 31st December 2016.

The following bills are discounted at 5%.

Date of the Bill	Amount Rs.	Terms (Month)
23-12-2016	60,000	3
19-09-2016	1,20,000	4
20-10-2016	4,50,000	3
30-11-2016	40,000	5

15. Following particulars relate to a limited company which has gone into voluntary liquidation. You are required to prepare the Liquidator's final statement of account allowing for his remuneration @ 2% on the amount distributed to unsecured creditors other than preferential creditors.

Unsecured creditors Rs. 2,24,000; Preferential creditors Rs. 70,000; Debentures 75,000.

The assets realized the following sums :

Cash in hand Rs. 20,000; Land and Buildings Rs. 1,30,000; Plant and Machinery Rs. 1,10,500; Fixtures and Fittings Rs. 7,500.

The liquidation expenses amounted to Rs. 2,000. A call of Rs. 2 per share on the partly paid 10,000 equity shares was made and duly paid except in case of one share holder owning 500 shares.

16. Delhi Company, incorporated on 1st April 2016 took over running business from 1st January 2016. The company prepares its first final accounts on 31st December 2016. From the following information, you are required to calculate the sales ratio of pre-incorporation and post incorporation periods.

a) Sales for January, 2016 to December 2016 Rs. 4,80,000.

b) The sales for the month of January twice of the average sales; for the month of February equal to average sales, sales for four months May to August – 1/4 of the average of each month; and sales for October and November three times the average sales.



17. Calculate purchase consideration.

Balance Sheet of Alpha Ltd. as at 31-3-2016

Liabilities	Rs.	Assets	Rs.
Share Capital (60000 shares of Rs. 10 each)	6,00,000	Goodwill	2,80,000
5% Debentures	1,00,000	Land and Buildings	1,60,000
Sundry Creditors	60,000	Plant and Machinery	2,80,000
General Reserve	40,000	Stock	1,60,000
Surplus Account	2,00,000	Debtors	80,000
		Cash	20,000
		Preliminary expenses	20,000
	10,00,000		10,00,000

Company Beta Ltd. took over the business of Alpha Ltd. The value agreed for various assets is :

Goodwill Rs. 2,20,000, Land and Building Rs. 2,50,000, Plant and Machinery Rs. 2,40,000, Stock Rs. 1,30,000 and Debtors Rs. 80,000. Beta Ltd. does not take over cash but agrees to assume the liabilities of Sundry Creditors at Rs. 50,000. An amount of Rs. 50,000 towards cost of liquidation will be met by Beta Ltd.

18. What are the different sources of declaring dividend ? (6×3=18)

PART – D

IV. Answer **any two** questions from the following. **Each** question carries **eight** marks.

19. The following is the trial balance of Nakul Ltd. as at 31-3-2016.

	Rs.	Rs.
Stock 1 st April 2015	75,000	
Purchases returns		10,000



Purchases and sales	2,45,000	3,40,000
Wages	30,000	
Discount		3,000
Carriage inwards	950	
Furniture and fittings	17,000	
Salaries	7,500	
Rent	4,000	
Sundry expenses	7,050	
Surplus Account (31-3-2015)		15,000
Dividend paid for 2014-15	9,000	
Share capital		1,00,000
Debtors and Creditors	27,500	17,500
Plant and Machinery	29,000	
Cash at bank	46,200	
General reserve		15,500
Patents and trade mark	4,800	
Bills receivable and bills payable	5,000	7,000
	5,08,000	5,08,000

Prepare statement of Profit and Loss account of Nakul Ltd. for the year ending 31-3-2016 and Balance Sheet after considering the following :

- 1) Stock on 31-3-2016 was valued at Rs. 88,000.
- 2) Make a provision for income tax @ 50%.



- 3) Depreciate plant and machinery @ 15%. Furniture and fittings @ 10% and patents and trade marks @ 5%.
- 4) On 31-3-2016 outstanding rent amounted to Rs. 800 while outstanding salaries totaled Rs. 900.
- 5) The Directors proposed a dividend @ 15% p.a. for the year ended 31-3-2015 after the minimum transfer to General Reserve as required by law.
- 6) Make a provision for doubtful debts amounting Rs. Rs. 510.

20. The following is the summarized Balance Sheet of A Ltd. as on 31 March 2015

Liabilities	Rs.	Assets	Rs.
Share Capital		<i>Fixed Assets</i>	
40000 equity shares of		Land and Building	2,00,000
Rs. 10 each	4,00,000	Plant and Machinery	1,00,000
Reserves and Surplus	1,80,000	Furniture	80,000
Capital Reserve A/c	60,000	<i>Investments Current Assets</i>	
P and L A/c		Stock	40,000
Secured Loan		Sundry Debtors	60,000
10% Debentures	2,00,000	Bank	3,00,000
Current liabilities and Provisions		Cash	80,000
Sundry Creditors	20,000		
	8,60,000		8,60,000

On 1 April 2015, B Ltd. took over the business of A Ltd. as per the following terms :

- a) Debentures are to be discharged at a premium of 5% in B Ltd.



- b) Creditors are to be paid off by B Ltd.
- c) B Ltd. will issue 5 equity shares of Rs. 10 each at a market value of Rs. 11 for every 4 equity shares of A Ltd.
- d) Cost of liquidation Rs. 10,000 is to be paid by B Ltd.

Close the books of A Ltd. and pass opening entries in the books of B Ltd. assuming that the amalgamations in the nature of merger.

21. What is Purchase Consideration ? Explain different methods of calculating purchase consideration in the case of amalgamation. (2×8=16)
-