



Reg. No. :

Name :

Fourth Semester B.Com. Degree Examination, July 2018
First Degree Programme under CBCSS
Core Course : CO 1443/CC1441
CORPORATE ACCOUNTING
(Common for Commerce/Commerce with Computer Application)
(2013 Adm.)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer all the questions in **one** or **two** sentences. **Each** question carries 1 mark.

1. What is scrip dividend ?
 2. Define intrinsic value of shares.
 3. What is capital redemption reserve ?
 4. What do you mean by buy-back of shares ?
 5. What are contingent liabilities ?
 6. What is green shoe option ?
 7. Explain dematerialization.
 8. What is ESOP ?
 9. What is bearer debenture ?
 10. What is a Redeemable Debenture ?
- (10×1=10 Marks)**

SECTION – B

Answer **any eight** questions in **one** paragraph. **Each** question carries 2 marks.

11. What is IFRS ? What are its benefits ?
12. Distinguish between stock and shares.
13. What are common size statements ? What are their objectives ?
14. What do you mean by sinking fund for redemption of debentures ?

15. What are accounting standards ? Discuss the main objectives of such standards.
16. What are the conditions to be fulfilled for issue of shares at a discount ?
17. Explain accounting standard 22.
18. What are sweat equity shares ? Under which conditions these can be issued by a company.
19. What is the difference between Alteration of share capital and reduction of share capital ?
20. What is security premium ? State the purpose for which the balance in security premium can be utilized.
21. Can debentures be issued for consideration other than cash ? Give the journal entry.
22. Distinguish between Profit and Loss A/c and Profit and Loss Appropriation A/c. (8×2=16 Ma

SECTION – C

Answer any six questions in about 120 words each. Each question carries 4 marks.

23. Following is the B/S of A Ltd. As on 31-03-2015.

Liabilities	Rs.	Assets	Rs.
Issued and Paid up capital		Goodwill	25,000
10,000 Equity Shares of Rs. 10 each	1,00,000	Other Fixed Assets	1,04,000
1,000 7% of Preference shares of Rs. 100 each	1,00,000	Current Assets	95,000
Sundry Creditors	50,000	Profit and Loss A/c	26,000
	2,50,000		2,50,000

It was resolved that equity shares of Rs. 10 each be reduced to shares of Rs. 7 each and 75 preference shares of Rs. 100 each be reduced to 8% preference shares of Rs. 75 each. The number of shares in each case is to remain the same. It was resolved that the amounts so available be used for writing of the debit balance of P/L a/c, goodwill a/c and with the balance for writing down the fixed asset. Show the journal entries to record the above.



28. Give journal entries for the following :

X Ltd. Forfeited 100 equity shares of Rs. 10 each held by Rooldu Ram on 15th December, 2014 for non – payment of first call of Rs. 2 per share and the final call of Rs. 3 per share. These shares were reissued to Ganga Ram on 25th December, 2014 at a discount of Rs. 3.50 per share.

29. On 1st April, 2014, Y Ltd. issued 800 12% Debentures of Rs. 1,000 each at par. Debenture holders had an option to convert their holdings into 13% Preference Shares of Rs. 100 each at a premium of Rs. 25 per share. On 31st March, 2015, one year's interest had accrued on these Debentures which was not paid. A holder of 50 debentures notified his intention to convert his holding into 13% preference shares.

Journalise the above transactions and draw the company's Balance Sheet as at 31st March, 2015.

30. Surya Ltd. Made an issue of 10,000 Equity shares of Rs. 15 each, payable as follows :

- i) Rs. 4 per share on 'Application'
- ii) Rs. 7 per share (including Rs. 2 per shares as premium) on 'Allotment'
- iii) Rs. 6 per share on First Call.

Mr. Ram holding 50 shares failed to pay the "Allotment" and 'Call' money.
Mr. Dev holding 80 shares failed to pay the 'Call' money.

All these shares were forfeited and subsequently re-issued to Mr. Jeevan as fully paid up at a discount of Rs. 3 per share.

Pass journal entries to record the above 'Issue', 'Forfeiture' and 'Re-issue' of shares in the books of the company.

31. Determine the amount of fresh issue of shares from the following information relating to Shagoon Leather Works Ltd. :

- i) Redeemable preference shares Rs. 2,00,000
- ii) Premium on redemption 10%
- iii) Divisible profits available Rs. 60,000
- iv) Balance in general reserve Rs. 40,000
- v) Securities Premium Reserve Account Rs. 15,000
- vi) If fresh issue is to be made :
 - i) at a premium of 5% and
 - ii) at a discount of 10%.

(6x4=24 Marks)



SECTION – D

Answer any two questions. Each question carries 15 marks.

32. What do you know about purchase consideration ? Discuss the different methods of calculating purchase consideration using imaginary figures.

33. Malabar Manufacturing Company Ltd. was registered with an authorized capital of Rs. 10,00,000 divided into shares of Rs. 10 each, of which 40,000 shares had been issued any fully paid. The following is the T/B on 31st March 2015.

	Dr. (Rs.)	Cr. (Rs.)
Stock (1 st April 2014)	1,86,420	
Returns	12,640	9,810
Sundry Manufacturing Expenses	19,240	
18% Bank Loan (Secured)		50,000
Office Salaries and Expenses	13,000	
Director's Remuneration	12,000	
Freehold Premises	1,64,210	
Furniture	5,000	
Debtors and Creditors	1,64,400	92,220
Cash at Bank	1,06,860	
P&L A/c (1 st April 2014)		8,640
Share Capital		4,00,000
Purchase and Sales	7,18,210	11,69,900
Manufacturing Wages	1,09,740	
Carriage Inward	4,910	
Interest on Bank Loan	4,500	
Auditors Free	1,250	



Preliminary	6,000	
Plant and Machinery	1,28,400	
Loose Tools	12,500	
Cash in Hand	1,920	
Advance payment to Tax	14,290	
Commission	8,640	
Transfer Fee		40
Rates and Electricity (Factory 14,210, Office 3,400)	17,610	
Machinery Repairs	8,610	
Carriage Outward	9,260	
Calls in Arrears	1,000	
	17,30,610	17,30,610

You are requested to prepare Profit and Loss A/c for the year ended 31st March 2015 and a Balance sheet as on that date after taking into consideration the following adjustments :

- 1) On 31st March 2015, outstanding manufacturing wages and outstanding office salaries stood at Rs. 1,890 and Rs. 1,200 respectively. On the same date stock was valued at Rs. 1,24,840 and loose tools at Rs. 10,000.
- 2) Provide interest on bank loan for 6 months.
- 3) Depreciate plant and machinery by 15% and office furniture by 10%.
- 4) Write off one-third of balance of preliminary expenses.
- 5) Make a provision for income Tax @ 50%.
- 6) Further Rs. 8,500 on debtors for doubtful debts.
- 7) Provide further Rs. 3,120 for discount on debtors.
- 8) The Directors recommended a maiden (First) dividend @ 15% for the year ending 31-03-2015 after a transfer of 5% of net profit to General Reserve.



34. The capital structure of a company consists of 20,000 Equity Shares of Rs. 10 each fully paid up

Undistributed reserve and surplus stood as : General Reserve (out of which Rs. 15,000, not free for distribution as dividend) Rs. 20,000; Security Premium Rs. 12,000.

Cash at bank amounted to Rs. 98,000. Preference shares are to be redeemed at a premium of 10% and for the purpose of redemption the directors are empowered to make fresh issue of equity shares at par after utilising the undistributed reserves and surpluses, subject to the condition that a sum of Rs. 20,000 shall be retained in General Reserve and which should not be utilised.

Pass journal entries and also show how the relevant items will appear in the B/S of the company after redemption.

35. Following is the statement of assets and liabilities of X Co. Ltd. As on 31st March, 2015.

Liabilities	Rs.	Assets	Rs.
12,000 shares of Rs. 10 each fully paid up	1,20,000	Land and Buildings	90,000
Sundry Creditors	30,000	Machinery	50,000
Bank Overdraft	28,000	Stock	17,000
		Sundry Debtors	20,000
		Discount on Shares	1,000
	1,78,000		1,78,000

The company went into voluntary liquidation and the assets were sold to Y Co. Ltd. For Rs. 1,50,000 payable as to Rs. 60,000 in cash (which sufficed to discharge creditors and Bank Overdraft and pay the winding expenses of Rs. 2,000) and as to Rs. 90,000 by the allotment of 12,000 shares of Rs. 10 each of Y Co. Ltd., Rs. 7.50 per share paid up, to the shareholders of X Co. Ltd.

Draw up the Journal Entries and important Ledger Accounts to close the books of X Co. Ltd. And the Journal Entries for recording these transactions in the books of Y Co. Ltd. on the basis of amalgamation in the nature of purchase.

(2×15=30 Marks)