

Reg. No. : .....

Name : .....

**Fourth Semester B.Com. Degree Examination, July 2018**  
**First Degree Programme under CBCSS**  
**Core Course : CO 1443/CC 1444**  
**CORPORATE ACCOUNTING**  
**(Common for Commerce/Commerce with Computer Application)**  
**(2014 Admn. Onwards)**

Time : 3 Hours

Max. Marks : 80

## SECTION – A

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

1. What is Corporate Dividend Tax ?
2. What is EPS ?
3. Define Amalgamation.
4. What is Final Dividend ?
5. What is provision ?
6. What is Lumpsum method ?
7. What is internal reconstruction ?
8. What is sub-division of shares ?
9. What is Accounting Standard ?
10. Define preliminary expenses.

**(10×1=10 Marks)**

P.T.O.



## SECTION – B

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

11. Explain the features of a company's Balance Sheet.
12. What are the objectives of amalgamation ?
13. What is profit prior to incorporation ?
14. Differentiate between Absorption and External Reconstruction.
15. Write about international reconstruction .
16. What are the main objectives of AS ?
17. What are the difference between Reserve and Provision ?
18. What do you mean by Intrinsic value method ?
19. What are the items come under long term loans and advances ?
20. What is Basic EPS ?
21. What is calls in advance ?
22. What is AS-10 ?

(8x2=16 Marks)

## SECTION – C

Answer **any six** questions. **Each** question carries **4** marks.

23. List the accounting entries in the books of Vendor Company. (Pooling interest method).
24. Following is the Balance Sheet of D Ltd., as on 31-3-2012 :

	₹		₹
Share capital		Land and Buildings	2,50,000
(Equity shares of ₹ 10/- each)	4,25,000	Furniture	35,000
8% Debentures	2,00,000	Plant and Machinery	1,28,000
Bills payable	67,000	Stock	1,32,000
Bank overdraft	1,08,000	Cash	2,55,000
	<b>8,00,000</b>		<b>8,00,000</b>



The business of D Ltd., taken over by K Ltd., the consideration being :

- 1) 30,000 Equity shares of ₹ 10 each and
- 2) Balance in cash.

For this purpose, the land and buildings were valued at 10% above value and stock at 20% above book value. Calculate purchase consideration.

25. Naveen Ltd., resolved to reduce its 50,000 equity shares of ₹ 10/- to equal number of shares of ₹ 7 each and to utilise the amount to write off goodwill ₹ 80,000, preliminary exp. ₹ 20,000, P & L A/c (Dr.) Balance ₹ 30,000 and to write down plant and machinery by ₹ 20,000. Give Journal entries.
26. The original cost of plant and machinery acquired by a company on 1<sup>st</sup> April 2015 is ₹ 3,00,000. It has an estimated useful life of 15 years. The expected residual value is ₹ 1,50,000. What is the amount of depreciation chargeable for the year 2015-16 ?
27. Ram Bros. Ltd., was incorporated on June 30, 2015 to acquire the business of Shekhar as from 1<sup>st</sup> Jan. 2015 on the basis of the B/S dated 31<sup>st</sup> Dec. 2014. The accounts for the year ended on 31-12-2015 disclosed the following :
  - a) There was a gross profit ₹ 2,40,000.
  - b) Sales for the year amounted to ₹ 1,20,000 of which ₹ 5,40,000 was for the first six months.
  - c) The expenses debited to P & L A/c include director's fees ₹ 15,000, bad debt ₹ 3,600, advertising ₹ 12,000 (Under a contract amounting to ₹ 1,000 p.m.) Salaries and general expenses ₹ 4,000; Preliminary expenses written off ₹ 5,000, donation to the political party given by the company ₹ 5,000. Ascertain profit prior to incorporation.
28. Horizon Ltd. had to the credit of its P & L A/c ₹ 1,04,500 on 1-1-2008. During the year 2008, it earned a profit of ₹ 2,60,000 before charging depreciation and manager's commission which amounted to ₹ 40,000 and ₹ 10,000 respectively. It was decided to :
  - 1) Transfer ₹ 50,000 to the General Reserve.
  - 2) Transfer ₹ 32,500 to the Dividend Equalisation Fund.
  - 3) To pay the years dividend on ₹ 3,00,000, 10% Preference shares.
  - 4) To pay 20% dividend on ₹ 4,00,000 Equity Share capital.
  - 5) To transfer ₹ 40,000 to Debenture Redemption Fund.Prepare Profit and Loss A/c and P & L Appropriation Account.

29. Differentiate between P & L A/c and P & L Appropriation A/c.
30. What are the methods of Internal Reconstruction ?
31. From the following Trial Balance and adjustment, show the treatment of provision for Income tax :

**Trial Balance**

	Debit	Credit
Provision for Income tax		60,000
Income tax	54,000	
<b>Adjustment : Provide ₹ 66,000 for taxation.</b>		<b>(6×4=24 Marks)</b>

**SECTION - D**

Answer any two questions. Each question carries 15 marks.

32. Following Balance Sheets of Major Ltd. and Minor Ltd. are given :

	Major Ltd.	Minor Ltd.
<b>Equity and capital :</b>		
Shareholders funds :		
Share capital		
Equity shares of ₹ 10/-	8,00,000	2,00,000
Reserves and Surplus	1,90,000	55,000
Current liabilities :		
Trade payable	60,000	30,000
	<b>10,50,000</b>	<b>2,85,000</b>
<b>Assets :</b>		
<b>Non-current Assets :</b>		
1. Fixed Assets :		
Tangible Assets :		
Land and buildings	8,00,000	2,00,000
Intangible Assets :		
Goodwill	1,00,000	-
2. Current Assets :		
Inventory	1,00,000	60,000
Trade receivables	20,000	15,000
Cash	30,000	10,000
	<b>10,50,000</b>	<b>2,85,000</b>

**Notes :****Reserves and Surplus :**

General Reserve	2,00,000	–
Surplus	10,000	60,000
Less : Expenses on issue of shares	20,000	–
Less : Preliminary expenses	–	5,000
	<b>1,90,000</b>	<b>55,000</b>

Major Ltd. acquired the assets of Minor Ltd. except cash balance for a purchase consideration to be discharged in cash ₹ 15,000 and balance in equity shares of ₹ 10 each at a premium of 10% for the purpose of acquisition land and buildings of Minor Ltd., was valued at ₹ 2,70,000. Trade Payable of Minor Ltd., were discharged by the liquidator at ₹ 25,000. Show Balance Sheet after amalgamation.

33. From the following Trial Balance of Madhuri Ltd., prepare Final Accounts for the year ending 31-12-2008 :

	Dr.	Cr.
Land and Building	1,00,000	–
Paid up capital (Shares of 10/-)	–	1,20,000
Reserve fund	–	32,000
Purchase and sales	1,92,000	3,56,000
Salaries	24,800	–
Wages	18,400	–
Preliminary exp.	16,000	–
Interest	–	4,800
P & L Appropriation A/c	–	64,500
Carriage	8,400	–
Stock (1-1-2008)	60,000	–
Returns	12,800	16,400
Audit fees	8,400	–
Freight	8,200	–

Inter dividend	7,200	—
Bills receivable and B/P	25,400	20,800
Calls in arrear	8,000	—
Cash in hand and at bank	10,400	—
Goodwill	24,800	—
Debtors and Creditors	28,200	35,600
Investment	34,000	—
Furniture	28,000	—
6% Debentures	—	80,000
Bank overdraft	—	10,400
Plant and machinery	1,20,000	—
Bad debts	5,500	—
	<b>7,40,500</b>	<b>7,40,500</b>

**Adjustments :**

- 1) Closing stock ₹ 43,200.
- 2) Depreciate furniture by 5% and machinery by 10%.
- 3) Provide reserve for doubtful debts @ 5%.
- 4) Written off preliminary expenses by 20%.
- 5) Transfer ₹ 24,000 to Reserve Fund.
- 6) Provide for debenture interest for one year.

34. The B/S of X Ltd. as 31-3-2015 as given below :

**Share capital**

15000 Equity shares of ₹ 10/- each	1,50,000	Land and buildings	1,45,000
1500, 12% Preference Shares of 100/- each	1,50,000	Machinery	35,000
Sundry creditors	1,00,000	Stock	25,000
		Debtors	40,000
		Cash at bank	5,000
		P & L A/c	1,50,000
	<b>4,00,000</b>		<b>4,00,000</b>



It was resolved :

I) That the equity shares of ₹ 10/- each and preference shares of ₹ 100/- each be reduced to the same number of shares each of ₹ 4 and ₹ 40 respectively.

II) The amount thus realised be utilised in

a) Writing down stock by ₹ 10,000, writing off the adverse balance of the P & L A/c and

b) in reducing the machinery by ₹ 10,000.

The balance left was to be used in raising a provision for bad debt against sundry debtors.

Give Journal Entries and prepare Balance Sheet after reduction of capital.

35. Explain the merits and demerits of Amalgamation.

(2×15=30 Marks)

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