C. ABDUL HAKEEM COLLEGE (AUTONOMOUS),
MELVISHARAM - 632 509.
SEMESTER EXAMINATIONS, NOVEMBER - 2018

B.COM., COMMERCE **SEMESTER III**

U15MCM301 / U14MCM301– CORPORATE ACCOUNTING - I

Time: Three Hours Maximum: 75 Marks

SECTION - A (10 X 2 = 20 Marks)

Answer **ALL** Questions.

1. What do you mean by allotment of shares?
2. What is forfeiture of share?
3. What are the redeemable preference shares?
4. State the meaning of convertible debenture.
5. Name any two intangible assets.
6. What is profit prior to incorporation?
7. What is amalgamation?
8. Give the meaning of external reconstruction.
9. What do you mean by liquidation?
10. Who are preferential creditors?

SECTION - B (5 X 5 = 25 Marks)

Answer **ALL** Questions.

11. a) XY Ltd. was registered with an subscribed capital of 2,00,000 shares of ₹ 10 each. 1,40,000 shares were issued to the public. The public subscribed for 1,00,000 shares. The company called up ₹ 7 per share. All the money called up was duly received with the exception of a call of ₹ 2 per share on 1,000 shares. Show the Journal entry.

(Or)

b) Girwal Ltd. forfeited 100 equity shares of ₹ 10 each issued at discount of 10% held by Ranjit Kaur on 15.01.2017 for non-payment of first call of ₹ 2 per share and the final call of ₹ 3 per share.

Out of these, 60 shares were issued to Ajit Kaur at ₹ 8 per share (as fully paid). Pass necessary journal entries for foretime and re-issue of share.

12. a) A company wishes to redeem its preference shares amounting to ₹ 1,00,000 at a premium of 5% and for the purpose issues 5,000 equity shares of ₹ 10 each at premium of 5%. The company has also a balance of ₹ 1,00,000 on General Reserve and ₹ 50,000 on Profit and Loss Account. Give the journal entries to record the above transactions.

(Or)

b) M Ltd. issued 40,000 10% debentures of ₹ 10 each to the public at par, to be paid ₹ 3 on application and the balance on allotment. Applications were received for 35,000 debentures. Allotment was made to all the applicants and the amount due was received. Pass journal entries to record these transactions.

13. a) You are required to calculate the time ratio for the pre- and post incorporation period from the following particulars.

i. Date of incorporation: 01.06.2010

ii. Period of financial accounts: April 2010 to March 2011

iii. Total wages: ₹ 4,800

iv. Number of workers: Pre-incorporation period - 5

Post-incorporation period - 25

Also divide the total wages between pre- and post-incorporation periods

(Or)

b) A company was incorporated on 01.06.2014 in order to purchase a running business from 01.01.2014. The following particulars are available from its records.

	₹
Total sales for 2014	80,000
Sales from 01.01.2014 to 31.05.2014	20,000
Gross profit for the whole year	30,000
Total expenses of 2014 (including director's fee ₹ 1000)	25,000
Company's share capital	75,000

Find out profit prior to incorporation and after incorporation by preparing profit and loss account.

14. a) Sekar Ltd. took over assets of ₹ 7,00,000 and liabilities of ₹ 60,000 of Karthik Ltd. for the purchase consideration of ₹ 6,60,000. Sekar Ltd. paid the purchase consideration by issue of shares of ₹ 100 each at a premium of 10%. Give journal entries in the books of Sekar Ltd.

(Or)

b) Lal Ltd. agreed to absorb the business of Mal Ltd. the purchase consideration was as under:

(i) For every 4, 10% Preference shares of ₹ 10 each in Mal Ltd. 7 Equity shares of ₹10 each in Lal Ltd. as ₹ 8 paid up. There were 60,000 10% Preference shares in Mal Ltd.

(ii) For every 3 Equity shares of ₹ 10 each in Mal Ltd. 8 Equity shares in Lal Ltd. as ₹10 paid up. There were 90,000 Equity shares in Mal Ltd. Find out purchase consideration.

15. a) The following particulars relate to company, which has gone into voluntary liquidation. Prepare liquidator's final statement of account, allowing for his remuneration at 2% on the amount realized and 2% on the amount distributed to unsecured creditors other than preferential creditors.

	₹
Preferential creditors	24,200
Unsecured creditors	1,32,100
Liquidators expenses	1,000
Assets realized	1,51,000

(Or)

b) What are the various methods of winding up a company? Explain.

SECTION - C (3 X10 = 30 Marks)

Answer **ANY THREE** Questions.

16. Nalli & Co. was registered with an authorised capital of ₹ 20,00,000 divided into 20,000 shares of ₹ 100 each. The company offered 12,000 shares to the public which were payable: ₹ 20 per share on application, ₹ 40 per share on allotment and ₹ 40 on call. Applications for 18,000 shares were received on which the directors allotment as follows:

    Applicants for 10,000 shares – full
    Applicants for 5,000 shares – 2,000 shares
    Applicants for 3,000 shares – nil

    The excess application money was adjusted towards allotment. All the money due on allotment and call was fully received. Make the necessary entries in the company's books.

17. Timex Ltd. issued 1,000 8% debentures of ₹ 100 each. Give appropriate journal entries in the books of the company, if the debenture were issued as follows.

    i. Issued at par, redeemable at par
    ii. Issued at a discount of 5%, repayable at par
    iii. Issued at a premium of 10%, repayable at par
    iv. Issued at par, redeemable at a premium of 10%
    v. Issued at a discount of 5%, repayable at a premium of 10%.

18. The following ledger balances were extracted from the books of Varun Ltd. as on 31.03.2013.

    Land & buildings ₹ 2,00,000; 12% Debenture ₹ 2,00,000; Share capital Rs.10,00,000 (equity shares of ₹ 10 each fully paid up); Plant & machinery ₹ 8,00,000; Goodwill ₹ 2,00,000; Investment in shares of Raja Ltd. ₹ 2,00,000; General reserve ₹ 1,95,000; Stock in trade ₹ 1,00,000; Bill receivable ₹ 50,000; Debtors ₹ 1,50,000; Creditors ₹ 1,00,000; Bank loan (unsecured) ₹ 1,00,000; Provision for tax ₹ 50,000; Proposed dividend ₹ 55,000.

    Prepare the Balance sheet of the company as per Revised Schedule VI, Part I of the Companies Act 1956

19. The following is the Balance Sheet of X Ltd. as on 31st March 2006.

Liabilities	₹		₹
Share capital:		Land & Buildings	10,00,000
₹ 10 each	20,00,000	Plant & Machinery	15,00,000
General reserve	2,50,000	Furniture	25,000
Dividend	2,00,000	Stock	6,00,000
Equialisation Reserve			
Profit & Loss A/c	51,000	Work-in-progress	3,00,000
12% Debentures	10,00,000	Sundry debtors	2,50,000
Sundry creditors	3,00,000	Cash at bank	1,26,000
	38,01,000		38,01,000

The company was absorbed by A Ltd. on the above date. The consideration for the absorption is the discharge of the debentures at a premium of 5% taking over the liability in respect of sundry creditors and a payment of ₹ 7 in cash and one share of ₹ 5 in A Ltd. at the market value of ₹ 8 per share for every share in X Ltd. The cost of liquidation of ₹ 15,000 is to be met by the purchasing company. Close the books of X Ltd. and pass journal entries in the books of A Ltd.

20. The following particulars are related to a company which has gone into liquidation. You are required to prepare liquidator's final statement of account allowing for the remuneration at 2% on the amounts realized on assets and 2% on the amounts distributed to unsecured creditors other than preferential creditors.

	₹
Unsecured creditors	2,24,000
Preferential creditors	70,000
Debentures	75,000

The assets realized the following amounts:

Cash in hand	20,000
Land & Buildings	1,30,000
Plant & Machinery	1,10,500
Furniture & Fittings	7,500

The liquidation expenses amount to ₹ 2,000

A call of ₹ 2 per share on the partly paid 10,000 equity shares was made and duly paid except in case of one shares holders owing 500 shares.

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