

Reg. No. :

Name :

**Sixth Semester B.Com.LL.B. (Five Year Integrated) Degree Examination,
December 2020**

Paper I : CORPORATE ACCOUNTING

Time : 3 Hours

Max. Marks : 80

PART – A

Answer **any five** of the following questions. Each question carries **2** marks.

1. What is AS-14?
2. What is pro rata allotment?
3. What do you mean by debenture redemption by sinking fund?
4. What is capital reserve?
5. What are profits prior to incorporation?
6. What is External Reconstruction?
7. What is DEPS?

(5 × 2 = 10 Marks)

PART – B

Answer **any four** of the following questions. Each question carries **4** marks.

1. What are statutory books? Give four examples
2. Explain various methods of calculating purchase consideration.

3. What entries are passed by a company when it purchases another company?
4. Briefly explain the provisions of AS-20.
5. B Ltd. was incorporated on 1/2/2018 to buy the business of C Ltd. from 1/10/2017. The accounts of the company for the period ended 30/09/2018 disclosed a profit of Rs.67,540 after charging the following expenses. Salary Rs.15,180 (there were 5 employees in the pre-incorporation period and 7 in the post incorporation). Wages Rs.5,280 (there were 4 workers in the pre-incorporation period at Rs.80 per month per worker and 4 workers in the post incorporation period at Rs.100 per month per worker). Directors' fees Rs.8,000. Sales Rs.2,40,000 of which Rs.40,000 related to pre-incorporation period. You are required to prepare Profit and Loss Account showing the profit separately for pre- and post-incorporation periods.

(4 × 4 = 16 Marks)

PART – C

Answer **any four** of the following questions. Each question carries 6 marks.

1. What are the advantages of IFRS?
2. The directors of Zee Ltd. forfeit 10 shares of Rs.50 each belonging to Awaz who had paid Rs.5 per share on application, Rs.10 on allotment and Rs.15 on first call but failed to pay the final call of Rs.20. The same shares are then reissued to Sajeevan as fully paid on receipt of Rs.400.

Pass journal entries relating to the forfeiture and re-issue of the shares.

3. Saturn Ltd has a credit balance of Rs.3,00,000 in its Profit and Loss account on 1st April, 2017 and the net profit for the year 2017-18 is Rs.30,00,000. It was decided that the following decisions be carried out in respect of provisions, reserves and dividends:

- (a) General Reserve Rs.3,50,000
- (b) Investment allowance reserve Rs.3,50,000
- (c) Provision for taxation @50%
- (d) Dividend equalisation fund Rs.2,00,000
- (e) Dividend on 10% Preference shares of RS.20,00,000
- (f) Dividend at 15% on Rs.3,00,000 equity shares of Rs.10 each fully paid.

Prepare Profit and Loss Appropriation account.

4. Rex Ltd agrees to purchase the business of Alex Ltd on the following terms:

- (a) For each of the 10,000 shares of Rs.10 each in Alex Ltd 2 shares in Rex Ltd of Rs.10 each will be issued at an agreed value of Rs.12 per share. In Addition, Rs.4 per share cash also will be paid;
- (b) 8% Debentures worth Rs.80,000 will be issued to settle the Rs.60,000 9% debentures in Alex Ltd.;
- (c) Rs.10,000 will be paid towards expenses of winding up.

Calculate the purchase Consideration.

5. The following is the Balance Sheet of Neptune Ltd on the date of its acquisition by Mars Ltd.

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Share capital	6,00,000	Goodwill	2,80,000
Debentures	1,00,000	Land and Building	1,60,000
Sundry creditors	60,000	Plant and Machinery	2,80,000
General Reserve	40,000	Stock	1,60,000
Profit and Loss account	2,00,000	Sundry debtors	80,000
		Cash	20,000
		Preliminary expenses	20,000
	10,00,000		10,00,000

On acquisition, good will is valued at Rs.2,20,000, Land and Building at Rs.2,50,000, Plant and Machinery at Rs.2,40,000, Stock at Rs.1,30,000 and Sundry Debtors at Rs.80,000. Mars Ltd. does not take over cash but agrees to assume liability of sundry creditors at Rs.50,000.

Calculate purchase consideration.

(4 × 6 = 24 Marks)

PART – D

Answer **any three** of the following questions. Each question carries **10** marks.

1. Distinguish between Internal reconstruction and external reconstruction. Also give accounting entries on internal reconstruction.
2. Following is the Balance Sheet of F Ltd. as on 31st March, 2018

Liabilities	Rs.	Assets	Rs.
2000 shares of 10 each fully paid	20,000	Goodwill	4,000
Profit and Loss A/c	7,000	Fixed assets	16,500
Debentures	10,000	Current assets	19,500
Creditors	3,000		
	40,000		40,000

S Ltd. agreed to take over the assets of F Ltd. (exclusive of one fixed asset of Rs.4,000 and cash Rs.1000 included in current assets) at 10% more than the book values. It agreed to take over creditors also. The purchase price was to be discharged by the issue of 2,000 shares of Rs.10 each at the market value of Rs.15 each and the balance in cash. Liquidation expenses came to Rs.400.

F Ltd. sold the fixed assets of Rs.4,000 and realised the book value, It paid off its debentures and liquidation expenses.

You are required to give journal entries and ledger accounts in the books of F Ltd.

3. The following is the Balance. Sheet of KS Ltd. on 31st March 2018

Liabilities	Rs.	Assets	Rs.
12,000 shares of 100 each fully paid	12,00,000	Goodwill	45,000
6,000 12%Preference shares of 100 each fully paid	6,00,000	Land & Buildings	6,00,000
10% Debentures	3,00,000	Plant & Machinery	9,00,000
Bank Overdraft	3,00,000	Stock	1,30,000
Sundry Creditors	1,50,000	Debtors	1,40,000
		Cash	15,000
		Profit and Loss A/c	7,00,000
		Preliminary expenses	20,000
	25,50,000		25,50,000

The company adopted the following scheme of reconstruction:

- The equity shares are to be reduced to shares of Rs.40 each fully paid and the preference shares to be reduced to fully paid shares of Rs.75 each.
- The debenture holders took over stock and debtors in full satisfaction of their claims.
- Land and Buildings to be appreciated by 30% and Plant & Machinery to be depreciated by 30%.
- The fictitious and intangible assets are to be eliminated.
- Expenses of reconstruction amounted to Rs.5,000.

Give Journal entries incorporating the above scheme of reconstruction and prepare the reconstructed Balance Sheet.

4. Prepare a Balance Sheet (Vertical form) of Moon Ltd. as at 31st March, 2018 from the particulars given below:

		Rs.
Equity Share Capital (Rs.10 each, fully paid)		8,00,000
Calls in Arrear		800
Land		1,60,000
Building		2,80,000
Plant and Machinery		4,20,000
Furniture		40,000
General reserve		1,68,000
Loan from IDBI		1,20,000
Loans (Unsecured)		96,000
Provision for Taxation		54,400
Sundry debtors		1,60,000
Advances (Dr.)		34,160
Proposed dividend		48,000
Surplus Balance		80,000
Cash at bank		1,96,000
Patents		10,640
Sundry creditors (for goods and expenses)		1,60,000
Finished goods	1,60,000	
Raw material	40,000	2,00,000

(3 × 10 = 30 Marks)