



Reg. No. : .....

Name : .....

**Sixth Semester B.Com. LL.B. (Five Year Integrated) Degree Examination,  
February 2019  
Paper – I : CORPORATE ACCOUNTING**

Time : 3 Hours

Max. Marks : 80

**PART – A**

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

1. What do you mean by Right issue ?
2. Define debenture.
3. What is depreciation ?
4. What do you mean by profit prior to incorporation ?
5. What do you mean by capital reduction ?
6. What do you mean by purchase consideration ?
7. Define provision.

**(5×2=10 Marks)**

**PART – B**

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

1. What are the differences between Reserve Capital and Capital Reserve ?
2. What are the methods for calculating purchase consideration ?
3. What are the main objectives of amalgamation ?
4. Explain different types of shares.



5. A company issued 10000 equity shares of 10% each at a premium of ₹ 3 per share payable as follows :

On application – ₹ 4 per share

On allotment – ₹ 5 per share (including premium)

On first and final call – ₹ 4 per share

Subscriptions were received for 13000 shares. The excess money was refunded and the allotment money was received in full. The first and final call was made in due course and the amount due was received with the exception of 100 shares. These shares were forfeited and subsequently re-issued as fully paid for a consideration of ₹ 8 per share.

Show journal entries recording the above conditions.

6. X Ltd. purchased a running business on 1-1-2015 from Modern Traders X Ltd. was incorporated on 1-5-15. The P&L A/c for the year ended 31-12-15 is as under :

To Rent, Rates,		By G/P	75,000
To Insurance and Salaries	6,000	By Discount received	3,000
To Directors fees	1,800		
To Preliminary exp.	2,450		
To Carriage outward and selling exp.	2,750		
To Interest paid to Vendors	5,000		
To N/P	60,000		
	<b>78,000</b>		<b>78,000</b>

**Additional information :**

- 1) Sales upto 30-4-15 were ₹ 1,50,000 out of total sales ₹ 75,000 of the year.
- 2) Purchases upto 30-4-15 were ₹ 1,50,000 out of total purchases of ₹ 4,50,000 of the year.
- 3) Interest paid to vendors on 1-11-15 @ 12% p.a on ₹ 50,000 being purchase consideration.

From the above information prepare P&L A/c for the year ended 31-12-15, showing the profit earned prior to and after incorporation. (4×4=16 Marks)





PART - C

Answer any four questions. Each question carries 6 marks.

1. Following is the Balance Sheet of Joy Ltd. as on 31-3-15.

Particulars	Note No.	Amount
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Equity and Liabilities :

1. Shareholders funds :

a) Share capital (80,000 shares of 10% each)	1	8,00,000
b) Reserves and Surplus		60,000

2. Non-current assets :

10% Debentures		3,00,000
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3. Current Liabilities :

Trade Payable		75,000
Other current Liabilities, Acceptance		25,000
<b>Total</b>		<b>12,60,000</b>

Assets :

1. Non-current assets

Fixed Assets

Tangible Assets	2	4,35,000
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Intangible Assets

Goodwill		3,00,000
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2. Current Assets

Current Investments		1,00,000
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Inventories		2,75,000
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Trade receivables		90,000
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Bank		60,000
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<b>Total</b>		<b>12,60,000</b>
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### Reserves and Surplus

General Reserve	2,50,000	
Less Preliminary exp.	2,40,000	10,000
Surplus		1,40,000
		<b>1,50,000</b>

### Tangible expenses

Land and Buildings	2,60,000
Plant and Machinery	1,75,000
	<b>4,35,000</b>

Joy Ltd. takes over all assets and liabilities of the above company. For this purpose the assets and liabilities are revalued as follows. Land and buildings ₹ 3,00,000, Plant and Machinery 10% less than book values, investments at ₹ 1,35,000, creditors are taken over at 70,000. Goodwill is valued ₹ 4,00,000. Calculate purchase consideration.

- X Ltd. resolved to convert its 30,000 equity shares of 10% each fully called up to the same no. of equity shares of ₹ 7 each and to utilize the amount to write off P&L A/c (Dr.) 60,000 and Goodwill 30,000. Give journal entries of internal reconstruction.
- X Ltd. forfeited 200 equity shares of ₹ 10 each, issued at a premium of ₹ 5 per share, held by R for non-repayment of final call of ₹ 3 per share. These shares were re-issued to Devaraj at a discount of ₹ 4 per share.
- What are the different types of Amalgamation ?
- Write a note on P&L Appropriation Account.

(4×6= 24 Marks)

### PART - D

Answer **any three** questions. **Each** question carries **10** marks.

- Following is the balance sheet of Clarion Ltd.

#### Equity and Liabilities

##### 1. Shareholders funds :

a) Sharecapital	1	4,70,000
b) Reserves and Surplus	2	1,05,000



**2. Current Liabilities :**

Trade payable	85,000
<b>Total</b>	<b>6,60,000</b>

**Assets :****1. Non-current assets :**

Fixed Assets	3,60,000
Land and Buildings	

**2. Current Assets :**

Investments	95,000
Inventory	1,03,000
Trade receivables	52,000
Cash	50,000
	<b>6,60,000</b>

Vernor Ltd. takes over the above business in the nature of merger. The p.c. being :  
 Issue 35000 equity shares of ₹ 10 each at par to equity shareholders, issue  
 15% preference shares of ₹ 1,87,000 to preference shareholders. Give journal  
 entries.

**2. Following is the summarised balance sheet of R Ltd. as on 31-12-12.**

50,000 equity shares	5,00,000	Fixed Assets	6,70,000
of ₹ 10 each		Stock	2,20,000
8% Debentures	6,00,000	Debtors	72,000
Creditors	1,60,000	P&L A/c	2,98,000
	<b>12,60,000</b>		<b>12,60,000</b>

The company feels that the worst is over and hence it adopts a scheme of reconstruction reducing all its equity shares into an equal number of fully paid shares of ₹ 4 each. Show entries in the books of the company. Also show a balance after the reconstruction.



3. Following balance have been extracted from the books of Imperial Ltd. as on 31-12-15.

Credit Balance		Debit Balance	
Share capital		Cash in hand	6,200
(40,000 shares)	4,00,000	Repairs	8,600
General Reserve	3,00,000	Opening Stock	5,77,000
Sundry Creditors	3,40,000	Plant	4,30,000
Advance from customers	50,000	Land	30,000
Sales	42,30,000	Furniture	12,200
Loan from bank	1,10,000	Sundry debtors	1,40,000
		Purchases	28,60,000
		Rent	5,300
		Prepaid expenses	4,600
		Power for production	8,800
		Administrative exp.	47,300
		Buildings	13,00,000
	<b>54,30,000</b>		<b>54,30,000</b>

**Additional Information :**

- 1) Closing stock is valued at ₹ 5,60,000
- 2) Depreciation Plant by 10%
- 3) Provision for taxation ₹ 1,50,000
- 4) Directors propose a dividend of 10%

Prepare final accounts for the year 2015.

4. What do you mean by purchase consideration ? Explain the various methods used for calculating purchase consideration. **(3×10=30 Marks)**