

Reg. No. :

Name :

Sixth Semester B.Com. LL.B. (Five Year Integrated) Degree Examination,
November 2025

Paper I : CORPORATE ACCOUNTING

(2013 - 2019 Admission)

Time : 3 Hours

Max. Marks : 80

PART – A

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

1. What are the fundamental accounting assumptions under AS 1?
2. What are the situations where revenue recognition is postponed as per AS 9?
3. Define underwriting of shares.
4. What is meant by Amalgamation?
5. What do you understand by the Term External Reconstruction?
6. What is sub-division of share capital? Give an example.
7. What are the circumstances under which a company may resort to internal reconstruction?

(5 × 2 = 10 Marks)

P.T.O.

PART – B

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

8. AB & Co. Ltd. issued 5,00,00,000 Equity shares of Rs. 10 each at a premium of Rs. 4 per share payable Rs. 1 per share on application, Rs. 6 per share on allotment (including premium), Rs. 3 on first call and the balance on final call. The shares were all subscribed and all money due was received except the first call money on 1,00,000 shares and the Final call money on 1,50,000 shares. Give Journal entries to record the above transactions, ignoring narrations.
9. What is Depreciation as per AS 6? What are the different methods prescribed?
10. Briefly explain the methods of calculating purchase consideration in amalgamation.
11. Briefly explain the objectives and scope of Accounting Standard (AS) 20 — Earnings Per Share.
12. What is Asset-Liability Management (ALM)? What are its objectives?

(4 × 4 = 16 Marks)

PART – C

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

13. Journalize the following transactions. Narration is not required :

Issue of 12%, 1,00,000 debentures of Rs. 100 each.

- (a) at par and redeemable at par.
- (b) at 10% discount and redeemable at par.
- (c) at 10% premium and redeemable at par.
- (d) at 10% premium and redeemable at a premium of 5%.
- (e) at par and redeemable at a premium of 5%.
- (f) at 10% discount and redeemable at a premium of 5%.

14. The Oil Shell Ltd. was incorporated on 1st April 2014 for the purpose of acquiring P Ltd. and Q Ltd. The Balance sheet of these companies as on 31st March 2015 are as follows :

(Rs.)		
Particulars	P Ltd.	Q Ltd.
Assets :		
Tangible Fixed Assets – at cost less depreciation	50,00,000	40,00,000
Goodwill	—	6,00,000
Other assets	20,00,000	28,00,000
Total	70,00,000	74,00,000
Particulars	P Ltd.	Q Ltd.
Liabilities :		
Issued Equity Share Capital (Shares of Rs. 10 each)	40,00,000	50,00,000
Profit and Loss A/c	15,00,000	11,00,000
10% Debentures	7,00,000	—
Sundry Creditors	8,00,000	13,00,000
Total	70,00,000	74,00,000
Average annual profits before debentures interest (April 2014 to March 2015 inclusive)	9,00,000	12,00,000
Professional valuation of tangible assets on 31 st March 2015	62,00,000	48,00,000

- (a) The directors in their negotiations agreed that : (i) the recorded goodwill of Q Ltd. is valueless; (ii) the "Other assets" of P Ltd. are worth Rs. 3,00,000; (iii) the valuation of 31st March 2015 in respect of tangible Fixed assets should be accepted, (iv) these adjustments are to be made by the individual company before the completion of the acquisition.
- (b) The acquisition agreement provided for the issue of 12% unsecured debentures to the value of the net assets of companies P Ltd., and Q Ltd. and for the issuance of Rs. 100 nominal value equity shares for the capitalized average profit of each acquired company in excess of net assets contributed. The capitalization rate is established at 10%.

You are required to Compute Purchase Consideration.

15. Pankajam Mills Ltd., was incorporated on 31st July 1977 to purchase the business of Hemalatha & Co., as on 1st April 1977. The books of accounts disclosed the following on 31st March 1978.

- (a) Sales for the year Rs. 32,10,400 (1st April to 31st July '77 Rs. 8,02,600; 1st July '77 to 31st March 1978 Rs. 24,07,800).
- (b) Gross Profit for the year Rs. 4,12,800; Managing Directors' Salary Rs. 12,000; Preliminary expenses written off Rs. 18,000. Company Secretary's salary Rs. 58,000.
- (c) Bad Debts written off Rs. 14,890 (prior to 31st July Rs. 4,020, after 31st July Rs. 10,870).
- (d) Depreciation on Machinery Rs. 25,200; General expenses Rs. 51,500; Advertising Rs. 7,400; Interest on debentures Rs. 20,000.

You are required to compute profits prior to incorporation.

16. Write a note on AS 7 on Accounting for construction Contracts.

17. A company has Net Profit after Tax = Rs. 12,00,000; 1,00,000 equity shares outstanding; 10% Preference Dividend = Rs. 2,00,000. Computer Basic EPS. If there are convertible debentures of Rs. 5,00,000 @ 10% convertible into 50,000 equity shares, compute Diluted EPS. Tax rate = 40%.

(4 × 6 = 24 Marks)

PART – D

Answer any three questions. Each question carries 10 marks.

18. The Balance Sheet of Pixel Ltd. as on 31.12.2014 is given below :

Liabilities	Rs. In lakh	Assets	Rs. In lakh
Share Capital :		Fixed Assets	140
10,00,000 Equity shares of Rs. 10 each	100	Investments	40
1,00,000 Redeemable Pref. Shares of Rs. 100 each	100	Stock	46
Less : Call-in-arrears on 20,000 shares	(4)	Debtors	30

Liabilities	Rs. In lakh	Assets	Rs. In lakh
Security premium account	15	Bank	30
Reserve	30		
Profit and Loss Account	15		
Creditors	30		
	286		286

On 1st Jan 2015, fixed assets costing Rs. 40 Lakh were sold for Rs. 32 Lakh. It was decided that on 1st Feb 2015, company issued sufficient number of equity shares at par so as to finance redemption and to leaving a balance of Rs. 10 Lakh in the reserve. All the payments were made except to a holder of 10,000 shares who could not be traced. The company also made bonus issue to the existing equity shareholders in the ratio of 1 : 10 as on 31.12.2014. You are required to pass the necessary journal entries.

19. A Ltd. and B Ltd. amalgamated on and from 1st April 2015. A new Company C Ltd. was formed to take over the businesses of the existing companies.

Balance Sheet as at 31-03-2015

Liabilities	A Ltd.		B Ltd.		Rs. In '000	
	A Ltd.	B Ltd.	Assets	A Ltd.	B Ltd.	
Equity Shares of Rs. 100 each	60,000	70,000	Sundry Fixed Assets	85,000	75,000	
General Reserve	15,000	20,000	Investments	10,500	5,500	
Profit and Loss A/c	10,000	5,000	Stock	12,500	27,500	
Investment allowance reserve	5,000	1,000	Debtors	18,000	40,000	
Export profit reserve	500	1,000	Cash and bank	4,500	4,000	
12% Debentures	30,000	40,000				
Sundry creditors	10,000	15,000				
	1,30,500	1,52,000		1,30,500	1,52,000	

C Ltd. issued requisite number of equity shares to discharge the claims of the equity shareholders of the transferor companies; The total shares issued as consideration is to be aggregate of paid up capital of A Ltd. and B Ltd.

Compute the Purchase Consideration and pass Journal Entries in the books of C Ltd., if Amalgamation is in the nature of Merger.

20. The Balance Sheet of X Ltd. before reconstruction is :

Liabilities	Rs.	Assets	Rs.
12,000 7% Preference shares of Rs. 50 each	6,00,000	Building at cost	
7,500 Equity shares of Rs. 100 each	7,50,000	Less : Depreciation	4,00,000
(Note : Preference dividend is in arrear for five years)		Plant at cost	
Loan	5,73,000	Less : Depreciation	2,68,000
Sundry creditors	2,07,000	Trade Marks and Goodwill at cost	3,18,000
Other liabilities	35,000	Stock	4,00,000
		Debtors	3,28,000
		Preliminary expenses	11,000
		Profit and Loss A/c	4,40,000
	21,65,000		21,65,000

Note : Loan is assumed to be of less than 12 months, hence treated as short term borrowings (ignoring interest)

The Company is now earning profits short of working capital and a scheme of reconstruction has been approved by both classes of shareholders. A summary of the scheme is as follows :

- (a) Equity Shareholders have agreed that their Rs. 100 shares should be reduced to Rs. 5 by cancellation of Rs. 95 per share. They have also agreed to subscribe in each for the 6 new Equity Shares of Rs. 5 each for 2 Equity Shares held.
- (b) The Preference Shareholders have agreed to cancel the arrears of dividend and to accept for each Rs.50 share, 4 new 5 per cent Preference Shares of Rs. 10 each, plus 3 new Equity Shares of Rs. 5 each, all credited as fully paid.
- (c) Lenders to the Company of Rs. 1,50,000 have agreed to convert their loan into share and for this purpose they will be allotted 12,000 new preference shares of Rs. 10 each and 6,000 new equity share of Rs. 5 each.
- (d) The Directors have agreed to subscribe in cash for 20,000, new Equity Shares of Rs. 5 each in addition to any shares to be subscribed by them under (a) above.
- (e) Of the cash received by the issue of new shares, Rs. 2,00,000 is to be used to reduce the loan due by the Company.
- (f) The Equity Share Capital cancelled is to be applied : (i) to write off the preliminary expenses; (ii) to write off the debit balance in the Profit and Loss A/c; and (iii) to write off Rs. 35,000 from the value of Plant.

Any balance remaining is to be used to write down the value of Trade Marks and Goodwill.

Show by journal entries how the financial books are affected by the scheme. The nominal capital as reduced is to be increased to the old figures of Rs. 6,50,000 for Preference Capital and Rs. 7,50,000 for Equity Capital.

21. Explain the nature and elements of EBIT-EPS analysis. How is it useful?

(3 × 10 = 30 Marks)