(Pages : 4) **S – 2420**

Reg. No. : ....

Name : ....

Sixth Semester B.Com. LL.B. (Five Year Integrated) Degree Examination, November 2023

Paper I : CORPORATE ACCOUNTING

(2013–2019 Admission)

Time : 3 Hours Max. Marks : 80

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

1. What do you mean by forfeiture of Shares?
2. Define Amalgamation.
3. State any two differences between Amalgamation in the nature of merger and in the nature of purchase.
4. What is Purchase Consideration?
5. What do you mean by Consolidation of Share Capital?
6. What is Diluted EPS?
7. State Accounting Standard 9.

(5 × 2 = 10 Marks)

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

1. Give the provisions regarding Sec. 55 regarding redemption of preference shares.
2. Rahul Ltd. Has 20,000 equity shares of Rs. 10 each on which Rs.8 per share was called and paid-up. In September 2017, the company in general meeting resolved to sub-divide each share into 2 shares of Rs. 5 each. Rs. 4 per share paid-up. Give journal entries recording the above.
3. Y Ltd. Had issued 18.000 redeemable preference shares of Rs.10 each, fully paid up. The company decided to redeem the shares at a premium of 10%. For this purpose the company issued sufficient number of equity shares of Rs. 10 each at a discount of 10%. The company has a general reserve of Rs. 18,000. Give Journal entries.

P.T.O.

4. J and G Ltd. Forfeited 200 equity shares of Rs. 10 each fully called up for the non-payment of final call at Rs. 2 per share. These shares were originally issued at a discount of 10%. Application, Allotment and first call money per share @ Rs. 2. Rs.3 and Rs. 2 respectively were received on time. Give journal entries for forfeiture.

5. Why realisation account is prepared in amalgamation?

(4 × 4 = 16 Marks)

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

1. Explain the sources of redemption of debentures.

2. Write a note on AS 14.

3. A Ltd. And B Ltd. Decided to amalgamate on 31-03-2010. On that date the position was: A Ltd.Net Assets Rs. 38,700; Net Liabilities Rs. 12,900: B co: Net Assets Rs. 28,440; Net Liabilities: Rs. 7,440. The share capital of the combined company is to be 2,400 preference shares of Rs. 10 each and balance in equity shares of Rs. 5 each fully paid. The allocation of shares between A Co. and B Co.

   Is equal except that the surplus capital of any company is to be discharged in preference shares. Calculate Purchase consideration.

4. Journalise the following transactions at the time of issue and redemption of debentures:

   (a) A debenture issued at Rs. 95, repayable at Rs. 100

   (b) A debenture issued at Rs. 95, repayable at Rs. 105

   (c) A debenture issued at Rs. 102, repayable at Rs. 105

5. Z Ltd. Passed resolution for the reduction of its share capital by Rs. 5,00,000 for its purpose mentioned as under:

   (a) To write off the debit balance of Profit and Loss Account of Rs. 2,10,000.

   (b) To reduce the value of machinery by Rs. 90,000 and goodwill by Rs. 40,000.

   (c) To reduce the value of investments by Rs. 80.000.

   The reduction was made by converting 50.000 preference shares of Rs. 20 each fully paid to Rs. 15 each Fully paid and by converting 50,000 equity shares of Rs. 20 each on which Rs. 15 paid up into 50,000 equity shares of Rs. 10 each fully paid up.

   Give journal entries to record the share capital reduction.

(4 × 6 = 24 Marks)

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

1. Ali Ahmed and Co. is public limited company listed in Karachi Stock Exchange. Company formed in 2006, under authorized shares 1,00,000 of worth Rs. 100 each. Company has decided to raise equity finance by issuing 20,000 equity shares at a premium of Rs. 20 per share payable as follows: On application: Rs. 30; On allotment Rs. 50 (Including premium); On first call Rs.20 and on final call Rs. 20. Applications were received for 24,000 of equity shares. 4,000 applications were refunded and were transfer the ownership to all other applicants. Mr. Khan. the holder of 1,000 shares, failed to pay first call money. On his subsequent failure to pay the final call money, the shares were forfeited. After forfeiture, 500 shares reissued at 90 each. Show the journal entries in the books of company.

2. Elucidate the difference between internal reconstruction and External Reconstruction.

3. Following is the Balance sheet of XY and company on 31st March 2010, on which date the entire business was taken over by PQR Limited.

Liabilities	Amount	Assets	Amount
X's Capital	40,000	Premises	50,000
Y's Capital	40,000	Furniture	10,600
Bank Loan	20,000	Stock	24,000
Bills payable	13,000	Bills receivable	8,800
Sundry Creditors	19,600	Sundry Debtors	35,000
		Cash	4,200
	1,32,600		1,32,600

On the above date the entire business was taken over by PQR Ltd. Who paid the purchase consideration as follows:

(a) 9000 fully paid equity shares of Rs. 10 each.

(b) Rs. 10,000 in cash.

While recording assets the company valued premises at 20% above and stock at 10% less than their book values and furniture at Rs. 10,000. Pass necessary journal entries in the books of the company (XY Co.) and show the opening balance sheet in the books of PQR Ltd.

4. A limited company was registered with an authorised capital of Rs. 30,00,000 in equity shares of Rs. 10 each. Following is the list of balances extracted from its books on 31st March 2010;

Particulars	Amount	Particulars	Amount
Purchases	9,25,000	General Expenses	84,175
Wages	4,24,325	Stock on 01-04-2009	3,75,000
Manufacturing wages	65,575	Goodwill	1,00,000
Salaries	70,000	Cash in hand	28,750
Bad Debts	10,550	Cash at bank	1,99,500
Director's fees	31,125	Subscribed and fully paid up capital	20,00,000
Debentures interest paid	45,000	Profit and Loss A/c (credit balance)	72,500
Preliminary expenses	25,000	6% Debentures	15,00,000
Calls in arrear	37,500	Sundry Creditors	2,90,000
Plant and Machinery	15,00,000	Bills payable	1,67,500
Premises	16,50,000	Sales	20,75,000
Interim dividend paid	1,87,500	General Reserve	1,25,000
Furniture and Fixtures	35,000		
Sundry Debtors	4,36,000		

You are required to prepare a Trading and Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date, after making the following adjustments:

(a) Depreciate Plant and Machinery by 10%.

(b) Provide half year's interest on debentures.

(c) Also write off Rs. 2,500 from preliminary expenses.

(d) Make the provision for bad and doubtful debts Rs. 4,250 on sundry debtors.

(e) Stock on 31st March, 2010 was Rs. 4,55,000.

(f) Ignore Corporate Dividend Tax.

(3 × 10 = 30 Marks)