

END OF SEMESTER EXAMINATIONS, APRIL/MAY - 2018  
CORPORATE ACCOUNTS  
SUBJECT CODE: 12UAC016 / 12UAC016

MAJOR: B.Com. / B.Com. CA  
TIME: 3 HOURS

SEMESTER: V  
MAX. MARKS: 75

**SECTION - A (10 X 1 = 10)**

**Answer ALL the Questions:**

1. What is Calls-in-advance?
2. What is debenture?
3. What is interim dividend?
4. What are two important ratios in the calculation of profit prior to incorporation?
5. What is meant by retained earnings?
6. Who are unsecured creditors?
7. What is meant by reserve capital?
8. What are the two methods of amalgamation?
9. What is share exchange method of purchase consideration?
10. What is paid-up capital?

**SECTION - B (5 X 4 = 20)**

**Answer Any FIVE Questions:**

11. Raja, a small scale industrialist decided to convert his firm into a limited company with effect from 01.04.2006. But he obtained the certificate of incorporation on 01.08.2006 and the certificate to commence business on 01.10.2006. His accounts were closed on 31.12.2006. Find out the time ratio for the purpose of ascertaining pre - incorporation profit.
12. Sterling Ltd. has part of their share capital in 2,500 6% preference shares of Rs.100 each. The company decided to redeem the preference shares at a premium of 10%. The general reserve of the company shows a credit balance of Rs.3,00,000. The directors decide to utilize 60% of the reserve in redeeming the preference shares and the balance is to be met from the proceeds of fresh issue of sufficient number of shares of Rs.10 each. The premium is to be met from the year's profit & loss appropriation account. Give journal entries.
13. From the following details ascertain unsecured creditors:  
Creditors for goods Rs.80,000; Bills payable Rs.8,000; Loan from bank (unsecured) Rs.20,000; Bank O/D Rs.6,000; Loan on security of Machinery Rs.40,000; Estimated realizable value of Machinery Rs.32,000; Bills discounted Rs.31,000 (20% expected to realise); Contingent liabilities Rs.25,000 (10% expected to realise).
14. Swastik Ltd issued 500 8% debentures of Rs.100 each on 1.1.2012. Interest is payable on 30<sup>th</sup> June and 31<sup>st</sup> December each year.  
On 1.4.2013 the company purchased 100 of its own debentures at Rs.98 ex-interest as investment. On October 1, 2013 the company purchased another 100 of its own debentures at Rs.98 cum interest. The company cancelled all the 200 debentures on 31<sup>st</sup> December 2013. Show the journal entries (including interest) for the year 2013.
15. Explain External reconstruction.
16. What is forfeiture of shares? When can shares be forfeited?
17. 5000 equity shares of Rs.10 each are reduced to fully paid shares of Rs.6 each. Give journal entries.
18. Explain contingent liability.

**SECTION - C (3 X 15 = 45)****Answer Any THREE Questions:**

19. A Ltd went into liquidation on 31<sup>st</sup> December 1986. Following information is available with the liquidator.

Sundry Creditors amount to Rs.75,660 of which Rs.8,000 are preferential. 6% debentures carrying floating charge on the assets amounted to Rs.80,000 debentures holders were paid interest upto 30.6.1986. The assets realized as follows:

Stock in trade Rs.84,000

Plant & Machinery Rs.60,600

Cash in hand stood at Rs.500. Debentures were paid off on 30<sup>th</sup> June of the following year with interest. Liquidator's expenses was Rs.1,902 and remuneration @ 3% on amount realized and 2% on the amount distributed to unsecured creditors.

Prepare Liquidators Final Statement of Accounts.

20. A Limited Company was registered with an authorized capital of Rs.30,00,000 in equity shares of Rs.10 each. The following is the list of balances extracted from its books on 31.12.94.

| Particular              | Amount    | Particular                             | Amount    |
|-------------------------|-----------|--|-----------|
| Purchases               | 9,25,000  | Furniture & Fittings                   | 35,000    |
| Wages                   | 4,24,325  | Sundry debtors                         | 4,36,000  |
| Manufacturing expenses  | 65,575    | General expenses                       | 84,175    |
| Salaries                | 70,000    | Stock 1.1.94                           | 3,75,000  |
| Bad debts               | 10,550    | Cash in hand                           | 1,00,000  |
| Directors' fees         | 31,125    | Goodwill                               | 28,750    |
| Debenture interest paid | 45,000    | Cash at bank                           | 1,99,500  |
| Preliminary expenses    | 25,000    | Subscribed and fully called up capital | 20,00,000 |
| Calls-in-arrears        | 37,500    | Profit & Loss A/c (Cr)                 | 72,500    |
| Plant & Machinery       | 15,00,000 | 6% Debentures                          | 15,00,000 |
| Premises                | 16,50,000 | Sundry Creditors                       | 2,90,000  |
| Interim dividend paid   | 1,87,500  | Bills Payable                          | 1,67,500  |
| Sales                   | 20,75,000 | General Reserve                        | 1,25,000  |

You are required to prepare Trading and Profit & Loss account for the year ended 31.12.94 and the Balance sheet as on that date, after making the following adjustments. Depreciate Plant & Machinery by 10%. Provide half years interest on debentures. Also write off Rs.2,500 from preliminary expenses and make provision for bad and doubtful debts of Rs.4,250 on sundry debtors. Stock on 31<sup>st</sup> December 1994 was Rs.4,55,000.

21. The Balance Sheet as on 31<sup>st</sup> December 1983 of Star Ltd was as follows:

| Liabilities                | Rs.             | Assets    | Rs.             |
|----------------------------|-----------------|-----------|-----------------|
| Share Capital              |                 | Land      | 65,000          |
| 1000 Shares of Rs.100 each | 1,00,000        | Machinery | 22,000          |
| Fully paid up              |                 | Furniture | 3,000           |
| 8% Debentures              | 40,000          | Stock     | 25,000          |
| Creditors                  | 6,000           | Debtors   | 15,000          |
|                            |                 | Cash      | 4,000           |
|                            |                 | P & L A/C | 12,000          |
|                            | <u>1,46,000</u> |           | <u>1,46,000</u> |

Moon Company Ltd was formed to take over the business of Star Ltd with a nominal Capital of Rs.1,00,000 divided into 500 9% P.S. of Rs.100 each and 500 E.S. of Rs.100 each on the following basis:

- a) The debenture holders in Star Ltd are to accept 350 Preference shares.
- b) The shareholders in Star Ltd are to receive one equity share in Moon Ltd for every two shares held by them.
- c) Cost of liquidation met by Moon Ltd Rs.600.
- d) The balance of P.S. have been issued and taken up by the public.

Give Ledger a/c to close the books of Star Ltd and Journal entries in the books of Moon Ltd.

22. State the conditions for redemption of shares under Companies Act.
23. State the accounting treatment of business acquisition when same set of books followed.

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