

[Empty box for registration number]

END OF SEMESTER EXAMINATIONS, NOVEMBER – 2017
CORPORATE ACCOUNTING - I
SUBJECT CODE: 15UAPA18

MAJOR : B.Com (PA)
TIME : 3 HOURS

SEMESTER : V
MAX. MARKS: 75

SECTION – A (10x1=10)

Answer All the Questions:

1. What is stock?
2. What is share premium?
3. What is Debentures?
4. How to calculate the goodwill under super profit method?
5. Mention one factor affecting the value of shares.
6. What is the maximum remuneration payable to the Manager?
7. Give one fictitious asset.
8. What is acquisition of business?
9. What is External reconstruction?
10. Explain capital reduction.

SECTION – B (5x4=20)

Answer Any FIVE Questions:

11. What are the differences between stock and shares?
12. The directors of Z Co. Ltd., forfeit 10 shares of Rs. 50 each belonging to Karthik 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 Raj as fully paid on receipt of Rs. 400. Pass journal entries with narration to record the forfeiture and the reissue of shares.
13. Goodwill Ltd issues 1,000 6% debentures of Rs. 100 each. Give journal entries in each of the following cases.
 - a. The debentures are issued and redeemable at par
 - b. They are issued at a discount of 6%, but redeemable at par.
 - c. They are issued at a premium of 5% but redeemable at par.
 - d. They are issued at a discount of 4% but are redeemable at a premium of 5%.
14. What is Dividend?
15. From the following items found in the trial balance of a company on 31.12.2015 and the adjustments given there under, show how the items would appear in the relevant accounts.

Trial Balance

Particulars	Rs.	Rs.
Advance tax paid (2014)	30,000	---
Provision for taxation (2014)	---	40,000
Tax deducted at source	5,000	---

Adjustments:

- a. Income Tax for 2014 has been assessed at Rs. 50,000 against which the advance payment of tax and tax deducted at source are to be adjusted.
- b. Provide Rs. 30,000 for taxation on current profits.
16. Raman Ltd agrees to purchase the business of Krishnan Ltd., on the following items:
 - a. For each of the 10,000 shares of Rs. 10 each in Krishnan Ltd., 2 shares in Raman 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 sell the Rs. 60,000 9% debentures in Krishnan Ltd.,
 - c. Rs. 10,000 will be paid towards expenses of winding up.
 Calculate the purchase consideration.

17. What is Liquidation of a company?
18. Bee Ltd., has 60,000 equity shares of Rs. 100 each, Rs. 80 per share called up. Now the company decides to pay off Rs. 20 per share of the paid up capital and at the same time to reduce Rs. 100 share to Rs. 60 share fully paid up by canceling the unpaid amount. Give journal entries.

SECTION – C (3x15=45)

Answer Any THREE Questions:

19. On 1st April 2014, ABC Ltd., issued 1,00,000 equity shares of 10 each at Rs. 12 per share payable as to Rs. 5 on application, Rs. 4 on allotment and the balance on 1st July 2014. The lists closed on 12th April 2014 by which date applications for 1,40,000 shares had been received, of the cash received Rs. 80,000 was returned and Rs. 1,20,000 was applied to the amount due on allotment, the balance of which was paid on 19th April 2014. All shareholders paid the call due on 1st July 2014 with the expectation of one allottee for 1,000 shares. These shares were forfeited on 30th November 2014 and reissued as fully paid at Rs. 8 per share on 2nd January 2015.
Pass Journal entries in the books of ABC Limited.
20. What is redemption of Debentures? Give important aspects to be considered in relation to redemption of debentures.
21. A Ltd., was registered with an authorized capital of Rs. 6,00,000 in equity shares of Rs. 10 each. The following is its Trial Balance on 31st March 2014.

Trial balance of A Ltd.,

Particulars	Debit Balance (Rs.)	Credit Balance (Rs.)
Goodwill	25,000	---
Cash	750	---
Bank	39,900	---
Purchases	1,85,000	---
Preliminary expenses	5,000	---
Share capital	---	4,00,000
12% debentures	---	3,00,000
P & L A/c (Cr)	---	26,250
Calls in arrears	7,500	---
Premises	3,00,000	---
Plant & Machinery	3,30,000	---
Interim dividend	39,250	---
Sales	---	4,15,000
Stock(1.4.2013)	75,000	---
Furniture & fixtures	7,200	---
Sundry debtors	87,000	---
Wages	84,865	---
General expenses	6,835	---
Fright and carriage	13,115	---
Salaries	14,500	---
Directors fees	5,725	---
Bad debts	2,110	---
Debenture interest paid	18,000	---
Bills payable	---	37,000
Sundry creditors	---	40,000
General reserve	---	25,000
Provision for pad debts	---	3,500
	12,46,750	12,46,750

Prepare profit & loss account appropriation A/c and Balance Sheet in proper form after making the following adjustments:

- a. Depreciate plant and machinery by 15%
- b. Write off Rs. 500 from preliminary expenses
- c. Provide for 6 months interest on debentures
- d. Leave bad and doubtful debts provision at 5% on sundry debtors
- e. Provide for income tax at 50%
- f. Stock on 31.3.2014 was Rs. 95,000

22. Following is the Balance Sheet of K Ltd., as on 31.12.2014

Liabilities	Rs.	Assets	Rs.
2,000 shares of Rs. 10 each fully paid	20,000	Good will	4,000
Profit & loss A/c	7,000	Fixed Assets	16,500
Debentures	10,000	Current assets	19,500
Creditors	3,000		
	40,000		40,000

R Limited agreed to take over the assets of K Ltd., (exclusive of one fixed asset of Rs. 4,000 and cash Rs. 1,000 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.

K Ltd., sold the fixed asset of Rs. 4,000 and realized the book value. It paid off its debentures and liquidation expenses.

You are required to give journal entries in the books of K Ltd., and R Ltd.,

23. Give the statement of affairs in the Liquidation of Companies.

* * * * *