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Reg. No.....

Name.....

**FIVE YEAR B.Com., LL.B. (HONOURS) DEGREE EXAMINATION  
JUNE 2024**

**Fifth Semester**

**FC 11—CORPORATE ACCOUNTING**

(2021 Admissions—Regular/2018 to 2020 Admissions—Supplementary)

Time : Three Hours

Maximum : 75 Marks

**Part A**

*Answer any five questions.  
Each question carries 3 marks.*

1. What are the provisions in the Companies Act for redemption of preference shares ?
2. What do you mean by right issues ? What are its advantages ?
3. List the items presented under the heading 'Reserve and Surplus'.
4. State the objectives behind the combination of business units by amalgamation and absorption.
5. What is capital reduction account ?
6. Write a short note on Liquidator's Account.

(5 × 3 = 15 marks)

**Part B**

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

7. Write a notes on :
  - (a) Partial Underwriting ;
  - (b) Firm Underwriting ; and
  - (c) Marked Applications.
8. What is profit prior to incorporation ? What are the steps taken for calculating it.

Turn over

9. The following scheme of reconstruction has been approved for Y Ltd :
- a) The shareholders to receive in lieu of their present holding of 50,000 shares of Rs. 10 each the following :
    - (i) Fully paid ordinary shares equal to  $\frac{2}{5}$  of their holdings.
    - (ii) 5 % preference shares, fully paid, to the extent of  $\frac{1}{5}$  of the above new ordinary shares, and
    - (iii) Rs. 60,000 6 % Second Debentures.
  - b) An issue of Rs. 50,000 5 % First Debentures were made and allotted, payment for the same has been received in cash.
  - c) The Goodwill which stood at Rs. 3,00,000 was written down to Rs. 1,50,000.
  - d) Plant and machinery which stood at Rs. 1,00,000 was written down to Rs. 75,000.
  - e) Freehold and Leasehold premises which stood at Rs. 1,00,000 was written down to Rs. 75,000.

Pass necessary journal entries.

10. Calculate purchase consideration from the following :

X Ltd. agrees to purchase the business of Y Ltd. On the Following terms.

For each of the 10,000 shares of Rs. 10 each in Y Ltd. 2 shares in X 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.

8 % debentures worth Rs. 80,000 will be issued to settle the Rs. 60,000 9 % debentures in Y Ltd. Rs. 10,000 will be Paid towards expenses of winding up.

(3 × 10 = 30 marks)

### Part C

*Answer any two questions.*

*Each question carries 15 marks.*

11. What are the formats of company balance sheet ? Prepare a company balance sheet with imaginary figures.

12. The following particulars relate to Weak Ltd. Which has gone into liquidation.

The assets realized as follows :—

		Rs.
Property	...	60,000
Plant	...	40,000
Investment	...	10,000
Patents	...	7,000
Debtors	...	13,000

The liabilities were as follows :

Preferential creditors	...	14,000
Unsecured creditors	...	2,00,000
Debentures	...	20,000

The cash and bank balance amounted to Rs. 2,000. The expenses of the liquidation amounted to Rs. 1,000.

The Liquidator's remuneration was agreed at 3 % on the amount realized and 2 % on the amount paid to unsecured creditors. Prepare the Liquidator's Final Account.

13. A Ltd. Sells its business to B Ltd. as on 31<sup>st</sup> December 2023 on which date its balance sheet was as under :

<i>Liabilities</i>	Rs.	<i>Assets</i>	Rs.
Paid up capital (4,000 Shares of Rs. 10 each)	4,00,000	Goodwill	80,000
Debentures	2,40,000	Property	3,20,000
Creditors	80,000	Machinery	2,60,000
General Reserve	80,000	Stock	50,000
P and L A/c	30,000	Debtors	56,000
		Cash	64,000
<b>Total</b>	<b>8,30,000</b>		<b>8,30,000</b>

A Ltd agreed to take over the assets exclusive of cash and goodwill at 10 % less than the book value and to Pay Rs. 1,20,000 for Goodwill. The purchase consideration was to be discharged by the allotment of 4,000 shares of Rs. 100 each at a premium of 10 % and the balance in cash. The cost of liquidation amounted to Rs. 8,000. Show the necessary accounts in the both the companies.

(2 × 15 = 30 marks)