

G 1219



Reg. No.....

Name.....

**FIVE YEAR B.Com., LL.B. (HONS.) DEGREE EXAMINATION, MAY 2022**

**Fifth Semester**

**FC 11—CORPORATE ACCOUNTING**

(2018 Admissions)

[Re-Examination]

Time : Three Hours

Maximum Marks : 75

**Part A**

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

1. What do you mean by Firm Underwriting ?
2. What is Escrow Account ?
3. What is a contingent liability ? Support answer with example.
4. Who are dissenting shareholders ?
5. Write about different modes of Liquidation.
6. Distinguish between bonus shares and right shares.

(5 × 3 = 15)

**Part B**

*Answer any three of the following.  
Each question carries 10 marks.*

7. Explain pooling interests' method of amalgamation.
8. Discuss the provisions regarding capitalization of profits.
9. AFC. Ltd. issued 50,000 equity shares of Rs.10 each at par. The entire issue was underwritten as follows :  
A – 30,000 shares (firm underwriting 4,000 shares)  
B – 15,000 shares (firm underwriting 5,000 shares)  
C – 5,000 shares (firm underwriting 1,000 shares)

The total applications including firm underwriting were Rs. 40,000 shares. The marked applications were as follows :

A-10,000 shares, B-7,000 shares, C-3,000 shares.

The underwriting contract provides that credit for unmarked applications be given to the underwriters in proportion to be the shares underwritten. Determine the liability of each underwriter and amount of commission payable to them, assuming the rate to be the maximum allowed by law.

**Turn over**



10. XY Ltd. was on 1st May, 2020 to take over the business of RR Traders as a going concern with effect from 1st January 2021. The total sales for the year ending 31-12-2020 amounted to Rs. 1,00,000 out of which Rs. 30,000 related to the first four months. The net profit of the company Rs. 32,500 was worked out after charging the following expenses :

	Rs.
Salaries	... 6,000
Rent	... 2,700
Electricity	... 1,350
Directors Fees	... 2,000
Discount on issue of debentures	... 1,400
Carriage	... 2,250
Discounts	... 1,750
Salesman's Commission	... 4,500
Repairs	... 750
Interest on Loan	... 1,500
Debenture Interest	... 700
Bank Charges	... 450
Bad Debts	... 350
Miscellaneous Expenses	... 1,800

Rs. 100 of the bad debts arose out of sales made during the period from 1st January to 1st May, 2021. Prepare a statement showing clearly the pre-incorporation and post-incorporation profits.

(3 × 10 = 30)

### Part C

*Answer any two of the following.  
Each question carries 15 marks.*

11. What do you mean by buyback of shares ? State the conditions to be fulfilled for buyback of shares.
12. W Ltd. acquired the business of G Ltd. as on December 31, 2020. The ledger balances of G Ltd. as on that date were :

<i>Cr. Balances</i>	Rs.	<i>Dr. Balances</i>	Rs.
Equity Share Capital		Goodwill	1,00,000
60,000 equity shares of Rs. 10 each	6,00,000	Plant & Machinery	6,40,000
General Reserve	2,80,000	Stock	1,68,000
6% Debentures	1,00,000	Debtors	56,000
Creditors	20,000	Cash	36,000
	10,00,000		10,00,000



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The purchase consideration was arrived at :

- (a) Cash payment of Rs. 2.5 per share of G Ltd.
  - (b) Issue of 90,000 shares of W Ltd. at Rs. 15 per share (includes Rs. 5 premium)
  - (c) Redeem debentures at 20% premium by issuing debentures in W Ltd. at 96%.
  - (d) Cost of liquidation amounted to Rs. 5,000. Close the books of G Ltd. and open the books of W Ltd.
13. T Ltd. was placed in voluntary liquidation on 31st December, 2020, when its assets and liabilities were as follows :

<i>Liabilities</i>	<i>Amount (Rs.)</i>	<i>Assets</i>	<i>Amount (Rs.)</i>
Issued Share Capital 50,000 Equity Shares of Rs. 10 each fully paid less calls in arrear amounting to Rs. 25,000	4,75,000	Freehold Factory	7,94,000
6,000 5% Cumulative Preference Shares of Rs. 100 each fully paid	6,00,000	Plant and Machinery	2,89,000
Securities Premium Account	50,000	Motor Vehicles	57,500
5% Debentures Account	1,00,000	Stock	1,86,000
Interest on Debentures	2,500	Debtors	74,000
Bank Overdraft	58,000		
Creditors	1,15,000		
	14,00,500		14,00,500

Preference dividends are in arrears from 2017 onwards. The Company's articles provide that on liquidation, out of the surplus assets remaining after payment of liquidation costs and outside liabilities, there shall be paid firstly all arrears of preference dividend secondly the amount paid up on the Preference Shares together with a premium thereon of Rs.10 per share, and thirdly any balance then remaining shall be paid to the equity shareholders. Bank Overdraft was guaranteed by the directors who were called upon by the Bank to discharge their liability under the guarantee. The directors paid the amount to the Bank. The liquidator realised the assets as follows :

**Turn over**





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		Rs.
Freehold Factory	...	7,00,000
Plant and Machinery	...	2,40,000
Motor Vehicles	...	59,000
Stock	...	1,50,000
Debtors	...	60,000
Calls in Arrears	...	25,000

Creditors were paid less discount of 5 per cent. The debentures and accrued interest were repaid on 31st March, 2021. Liquidation costs were Rs. 3,820 and the liquidator's remuneration was 2 per cent on the amounts realised.

Prepare Liquidator's Statement of Account.

(2 × 15 = 30)

