26803372 (Pages : 4) Reg. No.....

Name.....

FIVE YEAR INTEGRATED B.B.A., LL.B. (HONOURS) DEGREE EXAMINATION, SEPTEMBER 2026

Fourth Semester

FB 12—COMPANY ACCOUNTS

(2024 Admissions—Regular/2018 to 2023 Admissions—Supplementary)

Time : Three Hours Maximum : 75 Marks

Part A

Answer any **five** *questions.*

Each question carries 3 *marks.*

1. What is meant by pro-rata allotment of shares ?
2. Explain the meaning of "Employees 'Stock Option".
3. What is a Debenture Redemption Fund ? How is it created.
4. Define amalgamation. How does it differ from absorption ?
5. What is meant by underwriting of shares and states its importance ?
6. Explain 'internal reconstruction'.

(5 × 3 = 15 marks)

Part B

Answer any **three** *questions.*

Each question carries 10 *marks.*

7. What do you mean by a Joint Stock Company ? What are its characteristics ?
8. What do you mean by "buy-back of securities" ? Explain its advantages.
9. A Company issued 1,00,000 equity shares of Rs. 10 each ; Re. 1 payable on Application, Rs. 2 on Allotment, Rs. 3 on First Call and Rs. 4 on Final Call.

   All the money payable on Application, Allotment and Calls have been received with the following exceptions.

X who holds 1,000 shares has not paid the money due on Allotment and calls.

Y who holds 500 shares has not paid the money due to First and Final Calls.

Z who holds 300 shares has not paid the amount due on Final Call.

All these shares were forfeited and reissued for cash at a discount of 5 %. Pass journal entries on issue and reissues of forfeited shares.

10. A Company has 8,000 redeemable preference shares of Rs. 100 each, Rs. 70 paid up. It is decided to redeem the shares at a premium of 20 %. The company makes the following issue.

(i) 3,000 12 % debentures of Rs. 100 each and

(ii) 40,000 equity shares of Rs. 10 each as fully paid at a premium of 25 %.

The company has Rs. 4,00,000 in the credit of Profit and Loss Account and Rs. 1,00,000 in General Reserve.

Give journal entries on redemption of the shares.

(3 × 10 = 30 marks)

Part C

Answer any **two** *questions.*
Each question carries 15 *marks.*

11. Following a series of losses, X Ltd. resolved to reduce its capital to 50,000 fully paid Rs. 5 shares and to eliminate share premium account. The company's Balance Sheet prior to implementation of the scheme was :

Balance Shoot of X Ltd.

Liabilities	Rs.	*Assets*	Rs.
Share capital :		Goodwill	... 1,00,000
50,000 fully paid up		Land and Building	... 1,62,000
Shares of Rs. 10 each	... 5,00,000	Plant and Machinery	... 2,07,000
Share premium account	... 50,000	Stock	... 92,000
Creditors	... 62,000	Debtors	... 74,000
Bank overdraft	... 73,000	Profit and Loss Account	... 50,000
	6,85,000		6,85,000

It was resolved to apply the sum available under the scheme :

(i) To write off the goodwill account.

(ii) To write off the debit balance of the Profit and Loss Account.

(iii) To reduce the book values of the assets by the following amounts : Land and Building Rs. 42,000, Plant and Machinery Rs. 67,000 and Stock Rs. 33,600

(iv) To provide a bad debts reserve of 10 % of the book value of debtors. Show the journal entries to give effect to the scheme and prepare the revised Balance Sheet after its implementation.

12. Write a detailed note on :

1. Bonus shares and Right Issues.
2. Purchase consideration.
3. Forfeiture and reissue of shares.

13. The following is the Balance Sheet of Green Ltd. as on 31st December 2024.

Liabilities	Rs.	*Assets*	Rs.
Share Capital :		Land and Buildings	... 1,00,000
12,000 shares of Rs. 10 each	... 1,20,000	Plant and Machinery	... 40,000
Sundry creditors	... 30,000	Stock	... 15,000
Bank overdraft	 28,000	Sundry debtors	... 22,000
		Profit and Loss Account	... 1,000
	1,78,000		1,78,000

It was resolved to apply the sum available under the scheme :

(i) To write off the goodwill account.

(ii) To write off the debit balance of the Profit and Loss Account.

(iii) To reduce the book values of the assets by the following amounts : Land and Building Rs. 42,000, Plant and Machinery Rs. 67,000 and Stock Rs. 33,600

(iv) To provide a bad debts reserve of 10 % of the book value of debtors. Show the journal entries to give effect to the scheme and prepare the revised Balance Sheet after its implementation.

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Liabilities		Rs.	*Assets*		Rs.
Share Capital :			Land and Buildings	...	1,00,000
12,000 shares of Rs. 10 each	...	1,20,000	Plant and Machinery	...	40,000
Sundry creditors	...	30,000	Stock	...	15,000
Bank overdraft	....	28,000	Sundry debtors	...	22,000
			Profit and Loss Account	...	1,000
		1,78,000			1,78,000

The assets of the company had been taken over by Red Ltd. for a consideration of Rs. 1,50,000, payable as to Rs. 60,000 in cash (which sufficed to discharge the creditors and bank and pay the cost of winding up Rs. 2,000) and as to Rs. 90,000 by the allotment of 12,000 shares of Rs. 10 each of Red Ltd., Rs. 7.50 per share paid up to the shareholders of Green Ltd.

Give Accounts in the Book of Green Ltd. and give the necessary journal entries for recording these transactions in the book of Red Ltd.

(2 × 15 = 30 marks)