

24802489

(Pages : 4)

Reg. No.....

Name.....

**FIVE YEAR B.B.A., LL.B. (HONOURS) DEGREE
EXAMINATION, APRIL 2024**

Fourth Semester

FB 12—COMPANY ACCOUNTS

(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. Explain about subdivision and consolidation of shares.
2. State the reasons for buyback of shares.
3. Distinguish between Calls-in-arrears and Calls-in-advance.
4. Employees stock option plan. "A right to buy and not an obligation." Comment.
5. What do you mean by absorption ?
6. Explain Divisible Profits.

(5 × 3 = 15 marks)

Part B

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

7. Give a summarized form of balance sheet of a corporate body as per the latest version of Schedule VI of Companies Act.
8. Explain the provisions of the Companies Act regarding the redemption of preference shares.
9. A company issued 50,000 equity shares at Rs. 10 per share and 3,000 redemption preference shares at Rs. 100 each. All shares were fully called and paid up. On 31st March 2020, the profit and loss account showed an undistributed profit of Rs. 50,000. The general reserve account stood at Rs. 1,20,000. On 2 April 2020, the directors decided to issue 1,500 6 % preference shares at Rs. 100 per share for cash. They also redeemed the existing preference shares at Rs. 105, utilizing as much profits as required for the purpose. Show the journal entries to record these transactions and prepare a summarized balance sheet showing the company's position on completion of the redemption.

Turn over

10. Prepare a statement of Profit and Loss for the year ended 31st March, 2020 from the following details of Z Ltd. :

	Rs.
Opening stock	... 1,70,000
Furniture	... 2,00,000
Discount allowed	... 14,000
Advertisement	... 16,000
Bad debts	... 8,000
Commission paid	... 12,000
Purchases	... 7,00,000
Interest on loan	... 24,000
Wages	... 90,000
Stores	... 14,000
Building	... 4,00,000
Tools and Equipments	... 38,000
Insurance of goods	... 8,000
Trade Expenses	... 9,000
Freight	... 13,000
Interest on debentures	... 8,000
Sales	... 14,00,000

Closing stock as on 31st March, 2020 : Rs. 1,26,000.

Provide 10 % depreciation on furniture, 4 % on Building and tools and equipments valued at Rs. 30,000.

(3 × 10 = 30 marks)

Part C

Answer any two of the following.

Each question carries 15 marks.

- What is purchase consideration ? Mention different methods of presenting and ascertaining purchase consideration.
- A Ltd. acquired the business of B Ltd., as on December 31, 2020. The Balance Sheet of B Ltd. as on that date were :

<i>Liabilities</i>	Rs.
Equity share capital :	
1,20,000 equity shares of Rs. 10 each	... 12,00,000
General Reserve	... 5,60,000
6 % Debentures	... 2,00,000
Creditors	... 40,000
	<u>20,00,000</u>

<i>Assets</i>		<i>Rs.</i>
Goodwill	...	2,00,000
Plant and Machinery	...	12,80,000
Stock	...	3,36,000
Debtors	...	1,12,000
Cash	...	72,000
		<u>20,00,000</u>

The purchase consideration was arrived at :

- (a) Cash payment of Rs. 3 per share of B Ltd.
- (b) Issue of 1,50,000 shares of A Ltd. at Rs. 15 per share (included Rs. 5 premium).
- (c) Redeem debentures at 20 % premium by issuing debentures in A Ltd. at 95 %.
- (d) Cost of liquidation amounted to Rs. 10,000. Close the books of B Ltd. and open the books of A Ltd.

13. Consider the Balance Sheet of ABC Ltd. as on 31st Dec. 2020 :

<i>Liabilities</i>		<i>Rs.</i>
4,00,000 Equity shares of Rs. 5 each	...	20,00,000
3,00,000 Preference Shares of Rs. 5 each	...	15,00,000
10 % A Debentures (secured by local works)	...	1,00,000
9 % B Debentures (secured by upcountry work)...		3,00,000
Workmen Compensation Fund	...	35,000
Local	...	25,000
Upcountry	...	10,000
Bank Overdraft	...	7,50,000
Creditors	...	2,00,000
		<u>48,85,000</u>
<i>Assets</i>		<i>Rs.</i>
Local Works	...	20,00,000
Upcountry	...	10,00,000
Investment of Workmen Compensation Fund	...	35,000
Stock	...	1,15,000
Debtors	...	50,000
Preliminary Expenses	...	12,500
Profit and Loss Account	...	16,22,500
		<u>48,35,000</u>

The following format of reconstruction was approved by all parties concerned :

- (a) The equity shares were reduced to 25 paise per share.
- (b) The preference share was reduced to Rs. 3.75 per share and the rate of dividend was reduced to 9 %.
- (c) Director agreed to refund Rs. 50,000 feed which they had received. This amount was refunded by them in cash.
- (d) The debenture holders waived Rs. 42,000 being interest due to them (included in creditors).
- (e) The 10 % A debenture were paid by allotment of equity shares and preference shares.
- (f) Investment was valued at Rs. 25,000, stock at Rs. 25,000, Stock at Rs. 50,000 and Debtors at Rs. 40,000. There was no actual liability to upcountry works employees. The assets were to be written down as above the fictitious assets were to be wiped off. Necessary reserves were to be retained and the balance available was to be written off the book value of local works.

Prepare the necessary journal entries and Balance Sheet of ABC Ltd. after giving effect of the above scheme.

(2 × 15 = 30 marks)