

**F 4838**

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Reg. No.....

Name.....

**FIVE YEAR B.Com. LL.B. (HONOURS) DEGREE EXAMINATION  
NOVEMBER 2023**

**Fifth Semester**

**FC 15/FC 11—CORPORATE ACCOUNTING**

(2020 Admissions—Regular/2018 and 2019 Admissions—Supplementary)

[Common to 2013 and 2014 Admissions—Supplementary]

Time : Three Hours

Maximum : 75 Marks

**Part A**

*Answer any five questions.*

*Each question carries 3 marks.*

1. What are redeemable preference shares ?
2. Explain about provision for taxation.
3. Write a short note on purchase consideration in amalgamation.
4. Write about Liquidator's remuneration.
5. What do you mean by Internal Reconstruction ?
6. What is profit prior to incorporation ?

(5 × 3 = 15 marks)

**Part B**

*Answer any three questions.*

*Each question carries 10 marks.*

7. Explain various provisions of alteration of share capital as given in the Companies Act.
8. Explain different modes of liquidation.
9. The following scheme of reconstruction has been approved for Z Ltd. :
  - (i) The shareholders to receive in lieu of their present holding of 50,000 shares of Rs. 10 each, the following :—
    - (a) Fully paid ordinary shares equal to 2/5 of their holdings.
    - (b) 5 % preference shares fully paid to the extent of 1/5 of the above new ordinary shares ; and
    - (c) 60,000 6 % second debentures.
  - (ii) An issue of Rs. 50,000 5 % First Debentures was made and allotted, payment for the same has been received in cash.

Turn over

- (iii) The Goodwill which stood at Rs. 3,00,000 was written down to Rs. 1,50,000.
- (iv) Plant and Machinery which stood as Rs. 1,00,000 was written down to Rs. 75,000.
- (v) Freehold and Lease hold premises which stood at Rs. 1,75,000 were written down to Rs. 1,50,000.

Give journal entries in the books of the company necessitated by the above reconstruction scheme.

10. The BC Ltd., whose issued share capital on 31<sup>st</sup> March, 2021, consisted of 12,000 8 % redeemable preference shares of Rs. 100 each fully paid and 40,000 equity shares of Rs. 100 each Rs. 80 paid up decided to redeem preference shares at a premium of Rs. 10 per share. The company's Balance Sheet as on 31<sup>st</sup> March, 2021, showed a General Reserve of Rs. 18,00,000 and a Capital Reserve of Rs. 1,70,000. The redemption was effected partly out of profits and partly out of the proceeds of a new issue of 6,000, 7½ % cumulative preference shares of Rs. 100 each at a premium of Rs. 25 per share. The premium payable on redemption was met out of the premium received on the new issue. On 1<sup>st</sup> July, 2021, the company at its general meeting resolved that all the capital reserves be applied in the following manner :
- (a) The declaration of bonus at the rate of Rs. 20 per share on equity shares for the purpose of making the said equity shares fully paid ; and
  - (b) The issue of bonus shares to the equity shareholders in the ratio of one share for every four shares held by them.

You are required to pass necessary journal entries.

(3 × 10 = 30 marks)

### Part C

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

11. What do you mean by Capital Redemption Reserve Account ? How is it created ? How can it be utilised ?
12. Prepare Balance Sheet as at 31<sup>st</sup> March, 2020 from the particulars furnished by AV Ltd., as per Schedule VI of the Companies Act :

	Rs.
Equity share capital (Rs. 10 each, fully paid ...	8,00,000
Calls in Arrears ...	800
Land and Building ...	4,40,000
Furniture ...	40,000
General Reserve ...	1,68,000
Loan from bank ...	1,20,000
Loans (unsecured) ...	96,800
Provision for taxation ...	54,400
Debtors ...	1,60,000
Loans and Advances (Dr.) ...	34,160

- (iii) The Goodwill which stood at Rs. 3,00,000 was written down to Rs. 1,50,000.
- (iv) Plant and Machinery which stood as Rs. 1,00,000 was written down to Rs. 75,000.
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Loans and Advances (Dr.) ...	34,160

Proposed dividend	...	48,000
Surplus Balance	...	80,000
Cash at Bank	...	1,97,600
Patents	...	10,640
Creditors	...	1,60,000
Stock	...	2,00,000

## Adjustments :

- (i) 1,500 equity shares were issued for consideration other than cash.
- (ii) Loan of Rs. 1,20,000 from bank is inclusive of Rs. 6,000 for interest accrued but not due. The loan is hypothecated by machinery.
- (iii) Debtors of Rs. 50,000 are due to more than six months.
- (iv) The cost of assets :

		Rs.
Building	...	3,20,000
Plant and Machinery	...	5,60,000
Furniture	...	50,000

- (v) Bills receivable for Rs. 2,20,000 maturing on 30th June, 2020 have been discounted.
- (vi) The company had contract for the erection of machinery at Rs. 1,50,000 which is still incomplete.

## 13. Liabilities and Assets of Sona Limited as on 31st December 2020 :

<i>Liabilities</i>		Rs.	<i>Assets</i>		Rs.
Paid up Capital :			Fixed Assets :		
1,000 6 % Preference Shares of Rs. 100 each	...	1,00,000	Land and Building	...	2,00,000
2,000 Equity Shares of Rs. 100 each fully paid	...	2,00,000	Plant and Machinery	...	3,20,000
3,000 Equity Shares of Rs. 100 each, Rs. 50 paid	...	1,50,000	Current Assets :		
Secured Loan :			Stock	...	1,00,000
6 % Debentures (Floating charge on all assets)	...	1,00,000	Debtors	...	1,00,000
Others :			Cash at Bank	...	30,000
Mortgage on Land and Buildings	...	1,00,000			
Current Liabilities :					
Sundry Creditors	...	90,000			
Income tax	...	10,000			
		<u>7,50,000</u>			<u>7,50,000</u>

The company went into liquidation on 1st January, 2021. The preference dividends were in arrear for three years. The arrears are payable on liquidation.

The assets were realised as follows :

	Rs.
Land and Buildings ...	2,40,000
Plant and Machinery ...	1,80,000
Stock ...	70,000
Debtors ...	60,000

The expenses of liquidation amounted to Rs. 8,000. The liquidator is entitled to a commission at 2 % on all assets realised except cash at Bank and 3 % on amounts distributed to unsecured creditors. All payments were made on 30th June, 2021. Prepare Liquidator's Statement of Account.

(2 × 15 = 30 marks)