

F 2308

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Reg. No.....

Name.....

**FIVE YEAR B.B.A., LL.B. (HONOURS) DEGREE EXAMINATION
OCTOBER 2022**

Fourth Semester

FB 12—COMPANY ACCOUNTS

(2019 Admissions—Regular/2018 Admissions—Supplementary)

Time : Three Hours

Maximum : 75 Marks

Part A

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

1. What is calls-in-arrears ?
2. What is meant by unclaimed dividend ? Where do you show the same in the company's Balance Sheet ?
3. What is ESOS ?
4. Who are dissenting shareholders ?
5. Explain right issue.
6. Define Capital Reserve.

(5 × 3 = 15 marks)

Part B

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

7. Explain the conditions for buyback of shares.
8. What are conditions to be satisfied for amalgamation to be treated as a "merger".
9. A company offered 20,000 shares of Rs. 10 each payable as follows : On application Rs. 3, on allotment Rs. 2, on first call Rs. 3, on second call Rs. 2. Public has applied for 26,000 shares. Shares were allotted on pro rata to the applicants of 24,000 shares; all the shareholders have paid the amount up to the allotment except Mr. X, the allottee of 400 shares. His shares were forfeited. First call was then made. Forfeited shares were re-issued @ Rs. 9 per share Rs. 8 called up. Prepare Journal and Balance Sheet.

Turn over

- ✓ 10. Prepare Statement of Profit and Loss of J Ltd. for the year ended 31st March, 2020, from the following details :

	Rs.
Opening Stock	... 85,000
Furniture	... 1,00,000
Discount Allowed	... 7,000
Advertisement	... 8,000
Bad debts	... 4,000
Commission paid	... 6,000
Purchases	... 3,50,000
Interest on Loan	... 12,000
Wages	... 45,000
Stores	... 7,000
Building	... 2,00,000
Tools and Equipments	... 19,000
Insurance of goods	... 4,000
Trade Expenses	... 4,500
Freight	... 6,500
Interest on Debentures	... 4,000
Sales	... 7,00,000

Closing Stock as on 31st March, 2020 : Rs. 63,000

Provide 5% depreciation on furniture, 2 % on Building and tools and equipments valued at Rs. 15,000.

(3 × 10 = 30 marks)

Part C

Answer any **two** of the following.

Each question carries 15 marks.

11. What are different types of debentures ? Explain about sources and methods for redemption debentures.
12. Balance Sheet of X Ltd. as on the date of its absorption by Y Ltd.

Liabilities	Rs.
Equity Share Capital :	
1,60,000 equity shares of Rs. 10 each	... 16,00,000
General Reserve	... 4,00,000
Dividend Equalisation Fund	... 2,00,000
12 % Debentures	... 4,00,000
Sundry Creditors	... 12,00,000
Employees Provident Fund	... 2,00,000
	<u>40,00,000</u>

<i>Assets</i>		<i>Rs.</i>
Goodwill	...	2,00,000
Land and Building	...	13,00,000
Plant and Machinery	...	8,00,000
Stock	...	9,00,000
Debtors	4,00,000	
<i>Less : Provision</i>	<u>20,000</u>	...
Cash at Bank	...	1,20,000
Preliminary Expenses	...	2,80,000
Discount on debentures	...	20,000
		<u>20,00,000</u>

Y Ltd. acquires the business for consideration of Rs. 19,60,000 payable Rs. 18,00,000 in shares of Rs. 10 of Y Ltd. at Rs. 15 per share, sufficient number of 15 % debentures of Y Ltd. so as to redeem the debentures of X Ltd. at the premium of 10 % and the balance in cash. The realisation expense of X Ltd. amounted to Rs. 30,000. On fixing the purchase price, Land and Buildings are revalued at Rs. 16,00,000, Plant and Machinery at Rs. 9,00,000 and debtors at Rs. 3,40,000.

Prepare Ledger accounts in the books of X Ltd. and opening entries in the books of Y Ltd.

13. On 31st December 2020, S Ltd. with the approval of the court decided upon a scheme of capital reduction and reorganization when the Balance Sheet was as follows :

<i>Particulars</i>	<i>Notes</i>	<i>Rs.</i>
I. Equity and Liabilities :		
(1) Shareholders' Funds		
Share Capital	1	12,00,000
Reserves and Surplus	2	(2,00,000)
(2) Non-Current Liabilities		
Long- term borrowings		
11 % Convertible Debentures of Rs. 100 each		6,00,000
(3) Current Liabilities		
Trade Creditors		1,15,117
Total		<u>17,15,117</u>

Turn over

II. Assets :		
(1) Non- Current Assets		
Fixed Assets :		9,00,000
Tangible Assets (Land and Building)		3,00,000
Intangible Assets (Goodwill)		3,62,472
Non-Current Investments		
(2) Current Assets		3,40,000
Inventories		1,12,645
Trade Debtors		
Cash and Cash Equivalents		(3,00,000)
(Bank Overdraft)		<u>17,15,117</u>

Notes to Account

Particulars	Rs.
1. Share Capital :	
40,000, 9 % Preference Shares of Rs. 10 each	4,00,000
80,000 Equity Shares of Rs. 10 each	<u>8,00,000</u>
	<u>12,00,000</u>
2. Reserves and Surplus	60,000
Reserve	<u>(2,60,000)</u>
Profit and Loss Account	<u>(2,00,000)</u>

According to the scheme :

- Each convertible debenture of Rs. 100 was to be exchanged for one Rs. 50 non-convertible debenture three 10 % Preferential shares of Rs. 10 each and two ordinary shares of Rs. 10 each.
- Each existing preference share to be written down from Rs. 10 to Rs. 5 per share and then to be consolidated into shares of Rs. 10 each with the rate of dividend to be increased from 9% to 10%.
- Each existing ordinary share to be written down from Rs. 10 to Rs. 4 per share, and the written off amount is to be paid by the shareholders.
- Bank overdraft to be paid off from the money received.

The reduction of capital and reserves to be applied in writing off fictitious assets and writing down land and buildings. Give journal entries recording the reduction and reorganization and the summary Balance Sheet as on 1st January 2021.

(2 × 15 = 30 marks)