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Reg. No.....

Name.....

FIVE YEAR B.Com., LL.B. (HONOURS) DEGREE EXAMINATION, MAY 2025

Fifth Semester

FC 11—CORPORATE ACCOUNTING

(2022 Admissions—Regular/2018 to 2021 Admissions—Supplementary)

Time : Three Hours

Maximum : 75 Marks

Part A

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

1. What do you mean by underwriting of shares ?
2. What is profit prior to incorporation ? How is it treated ?
3. What is Amalgamation ? How does it differ from absorption?
4. Explain the procedure for internal reconstruction.
5. What are the advantages of bonus shares ?
6. What do you mean by liquidation of a company ?

(5 × 3 = 15 marks)

Part B

*Answer any three questions.
Each question carries 10 marks.*

7. What are the provisions in the Companies Act for redemption of preference shares ?
8. What is alteration of share capital in internal reconstruction ? What are the different methods of it ?
9. Goodwill Ltd. issued for public subscription 50,000 equity shares of Rs. 50 each at a premium of Rs. 10 each. The entire issue was underwritten as follows :

X- 30,000 (firm underwriting-5,000 shares)
Y- 15,000 (firm underwriting -2,000 shares)
Z- 5,000 (firm underwriting-1,000 shares)

Turn over

Out of the total issue 45,000 shares including firm underwriting was subscribed. The following were the marked applications.

X- 16,000 shares Y- 10,000 shares Z- 4,000 shares

Calculate liability of each underwriter.

10. The Unlucky Ltd went into liquidation on 31st December, 2023.

The liabilities of the company were as follows :

Preferential creditors	:	Rs. 5,000
Unsecured creditors	:	Rs. 50,000

The assets realized as follows :

Land and buildings	:	Rs. 20,000
Plant and machinery	:	Rs. 10,000
Stock	:	Rs. 6,000
Debtors	:	Rs. 2,000

The cash balance with the company was Rs. 1,000. The cost of liquidation amounted to Rs. 240. The liquidator's remuneration was fixed at 2 % on the amount realized.

Prepare the Liquidator's Final Account.

(3 × 10 = 30 marks)

Part C

Answer any two questions.

Each question carries 15 marks.

11. What is purchase consideration ? Discuss in detail the methods of calculating purchase consideration.
12. A company issued 50,000 equity shares of Rs.10 per share and 3,000 redeemable preference shares at Rs.100 each. All shares were fully called and paid up. On 31st March 2023, the P and L account showed an undistributed profit of Rs. 50,000. The general reserve account stood at Rs. 20,000.

On 2nd April 2023, the Directors decided to issue 1,500, 6 % preference shares at Rs. 100 each 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 and also to prepare a summarized balance sheet after redemption.

13. Arul Manufacturing Company Ltd was registered with a nominal capital of Rs. 6,00,000 in equity shares of Rs. 10 each. The following is the list of balances extracted from its books on 31st December 2023 :

<i>Particulars</i>	Rs.
Calls - in- arrears	7,500
Premises	3,00,000
Plant and Machinery	3,30,000
Wages	84,500
Stock, 1 st January,2023	75,500
Fixtures	7,200
Sundry debtors	87,000
Goodwill	25,000
Cash and bank balance	40,650
Purchases	1,85,000
Preliminary expenses	12,500
General expenses	30,000
Printing and stationery	1,835
Freight and carriage	13,115
Salaries	29,500
Directors fees	5,725
Bad debts	2,110
Debenture interest paid	9,000
Subscribed and fully called up capital	4,00,000
6 % debentures	3,00,000
P and L Account (Cr) balance	14,500
Accounts payable	88,000
Sales	4,15,000
General reserve	28,500

Turn over

Prepare Trading and Profit and Loss Account and Balance Sheet after making the following adjustments : Depreciate plant and machinery by 10 %. Write off Rs. 500 as bad debts. Provide half year's debenture interest due. Provide reserve for bad debts by 5 % on debtors. Rs. 1,200 written off from preliminary expenses.

Wages outstanding Rs. 2,500. Stock on 31st December 2023 was Rs. 95,000.

(2 × 15 = 30 marks)