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Reg. No.....

Name.....

**FIVE YEAR B.Com., LL.B. (HONOURS) DEGREE
EXAMINATION, FEBRUARY 2026**

Fifth Semester

FC 11—CORPORATE ACCOUNTING

(2023 Admissions—Regular/2018 to 2022 Admissions—Supplementary)

Time : Three Hours

Maximum : 75 Marks

Part A

Answer any five questions.

Each question carries 3 marks.

1. Explain Capital Redemption Reserve.
2. What do you mean by Profit Prior to Incorporation ?
3. What is purchase consideration ?
4. Define bonus shares. Give any *five* advantages.
5. Explain 'internal Reconstruction'.
6. What are the powers of a liquidator ?

(5 × 3 = 15 marks)

Part B

Answer any three questions.

Each question carries 10 marks.

7. What do you mean by "buy back of shares" ? Explain its advantages and disadvantages.
8. What is "Capital Reduction" ? What are the provisions of the Companies Act in respect of Capital Reduction ?
9. A company has 8,000 redeemable preference shares of Rs. 100 each, Rs. 70 paid up. It is to decided redeem the shares at a premium of 20 %. The company makes the following issues.

Turn over

- (i) 3,000 16 % 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. 5,00,000 in the credit of profit and loss account.

Give journal entries on redemption of the shares.

10. Mr.X has been appointed as liquidator of ABC Ltd. The Balance Sheet at the time of liquidation i.e., 1.1.2024 is given below :

Balance Sheet of ABC Ltd. as on 1.1.2024

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Equity Share Capital (10)	... 2,00,000	Fixed assets	... 2,00,000
Debentures	... 1,00,000	Stock	... 50,000
Loans	... 50,000	Sundry debtors	... 1,25,000
Creditors	... 50,000	Cash	... 5,000
		Profit and Loss Account	... 20,000
	4,00,000		4,00,000

Fixed assets are sold for Rs. 1,20,000 to a debenture holder holding Rs. 40,000 debentures and cash is received after setoff. Cash realized from debtors was Rs. 80,000 and the liquidation expenses Rs. 1,000. Liquidator is paid Rs. 1,000 fixed allowance plus 2 % commission on collection including cash in hand Rs. 5,000 as remuneration. Stock is sold for for Rs. 10,000.

Prepare the Liquidator's Statement of Account.

(3 × 10 = 30 marks)

Part C

Answer any two questions.

Each question carries 15 marks.

11. Iron and Copper Ltd. have agreed to amalgamate, a New Company.

Smith Ltd. has been formed to take over the combined concerns as on 31st December 2024. After negotiations, the value of the assets of the two companies have been agreed as shown in the following Balance Sheets.

*Balance Sheet of Iron Ltd.
as on 31st December 2024*

<i>Liabilities</i>	Rs.	<i>Assets</i>	Rs.
Issued Capital:		Land and Buildings	... 4,50,000
75,000 shares of Rs. 10		Plant and Machinery	... 3,75,000
Each fully paid	... 7,50,000	Goodwill	... 75,000
Sundry creditors	... 75,000	Stock	... 30,000
Reserve fund	... 75,000	Sunday Debtors	... 30,000
Profit and Loss Account	... 75,000	Cash at bank	... 15,000
	9,75,000		9,75,000

*Balance Sheet of Copper Ltd.
as on 31st December 2024*

<i>Liabilities</i>	Rs.	<i>Assets</i>	Rs.
Issued Capital :		Land and Building	... 7,50,000
1,50,000 shares of Rs. 10		Plant and Machinery	... 3,00,000
Each fully paid	... 15,00,000	Goodwill	... 1,65,000
Sundry creditors	... 1,20,000	Stock	... 2,25,000
Profit and Loss Account	... 75,000	Sundry debtors	... 1,80,000
		Cash at bank	... 75,000
	16,95,000		16,95,000

The assets and liabilities are taken over by Smith Ltd, Show the amount payable to each company is arrived at and prepare the Balance Sheet of the new company.

12. The Balance Sheet of National Ltd, at 31st December, 2024 was as follows :

<i>Liabilities</i>	Rs.	<i>Assets</i>	Rs.
Share Capital :		Goodwill	... 15,000
2,000 preference Shares		Freehold properties	... 2,00,000
of Rs. 100 each	... 2,00,000	Plant	... 3,00,000
4,000 Equity Shares of		Stock	... 50,000
Rs. 100 each	... 4,00,000	Debtors	... 40,000
Mortgage debentures	... 1,00,000	Profit and Loss Account	... 2,45,000
Overdraft	... 50,000		
Creditors	... 1,00,000		
	8,50,000		8,50,000

The company got the following scheme of reconstruction approved by the court :

- (i) The preference shares to be reduced to—Rs. 75 per share, fully paid.
- (ii) The equity shares to be reduced by—Rs. 63.50 per share.
- (iii) The debenture holders took over the stock and book debts in full satisfaction of the amount due to them.
- (iv) The Goodwill Account to be eliminated.
- (v) The freehold properties to be depreciated by 50 %.
- (vi) The value of Plant to be increased by—Rs. 50,000.
- (vii) The Profit and Loss to be eliminated.

Give journal entries for the above and prepare the revised Balance Sheet.

13. Write a brief note on :

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|---------------------------------|-----------------------------|
| (a) Forfeiture of shares. | (b) Underwriting of shares. |
| (c) Interim and Final dividend. | (d) Preferential creditors. |
| (e) Types of Amalgamation. | |

(2 × 15 = 30 marks)