

**III Semester B.Com. Degree Examination, Nov./Dec. 2017
COMMERCE**

**Paper – 3 : Corporate Accounting – 1 (All)
(New Scheme) (CBCS)**

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer **any five** of the following questions :

(5×2=10)

1. What are current assets ?
2. Classify the fixed assets.
3. What do you mean by merger ?
4. What do you mean by Amalgamation ?
5. Mention the types of subsidiary company.
6. What are the grounds or circumstances for compulsory liquidation of company ?
7. How do you treat profit prior to incorporation ?

SECTION – B

Answer **any three** questions :

(3×5=15)

8. From the following particulars of Alfa Company Ltd. show how the share capital appears in the statement of assets and liabilities as prescribed under the revised schedule VI of the Companies Act (Vertical form).

Authorised capital : 3,50,000 equity shares of Rs. 10 each.

Issued capital : 3,00,000 equity shares of Rs. 10 each

Subscribed and paid up capital : 2,50,000 equity shares of Rs. 10 each fully called

Calls unpaid : By directors Rs. 20,000

Forfeited equity shares Rs. 10,000

P.T.O.



9. From the following particulars furnished by Zinkhana Ltd. prepare the note to reserves and surplus as prescribed under the schedule VI of the Act and show how it appears in the statement of assets and liabilities of the company.

1) Opening balances

Capital reserve	2,50,000
Debenture redemption reserve	5,00,000
General reserve	12,00,000
Surplus balance (Cr.)	1,00,000

2) Profit after tax for the year 5,00,000

3) Appropriation of profit

a) Transfer to debenture redemption reserve	50,000
b) Transfer to general reserve	2,00,000
c) Proposed dividend	50,000
d) Dividend distribution tax	10,000

10. What are conditions to be satisfied for calling a merger ?

11. Compute purchase consideration goodwill or capital reserve from the following information.

	Asha Ltd.	Bhosle Ltd.
Assets	3,00,000	2,50,000
Liabilities	1,00,000	75,000
Equity share capital of Rs. 10 each	2,00,000	1,75,000

Asha Bhosle Co. Ltd. agreed to issue 20000 equity share of Rs. 10 each at a premium of Rs. 5 to Asha Co. and 15000 equity shares of Rs. 10 each at 10% premium to Bhosle Ltd.

12. Explain the preferential creditors under Companies Act.



SECTION – C

Answer any three questions :

(3×15=45)

13. From the following balances extracted from the books of Mahishmathi Ltd. for the year ending 31-3-2017, prepare the statement of assets and liabilities as on 31-3-2017 as prescribed by schedule VI of the Companies Act :

Name of Accounts	Debit	Credit
Share capital :		
7500 equity shares of Rs. 10 each	–	75,000
25000 preference shares of Rs. 10 each	–	2,50,000
Share premium	–	1,25,000
General reserve	–	2,81,250
Loss for the current year	75,000	–
Bonds and debentures	–	1,50,000
Long term loans from banks (secured on building)	–	1,00,000
Other long term loans	–	50,000
Short term borrowing (from others)	–	75,000
Trade payable (short term)	–	2,61,250
Other current liabilities	–	42,500
Provision for income tax	–	1,62,500
Provision for salary and wages	–	12,500
Building after depreciation	5,75,000	–
Furniture after depreciation	37,500	–
Capital work in progress (cost of construction)	25,000	–
Investments in govt. instruments (non-current)	75,000	–



Investments in preference share (non-current)	31,300	—
Closing stock	3,00,000	—
Loose tools	14,500	—
Trade receivables (short term) (Debtors)	3,01,200	—
Cash in hand	68,750	—
Cash at bank	81,750	—
	15,85,000	15,85,000

Additional information :

- a) Authorized capital of the company consists of 10000 equity shares of Rs. 10 each and 50000 preference shares of Rs. 10 each.
- b) Other current liabilities consist of income received in advance.
14. Explain the reasons for mergers and amalgamation and briefly describe the Types of Mergers.
15. The following are the Statement of Assets and Liabilities of A Ltd. and B Ltd. as on 31-3-2016 :

Particulars	Note No.	“A” Ltd.	“B” Ltd.
		Rs.	Rs.
I) Equity and Liabilities			
1) Shareholders Funds			
Share capital	1	3,00,000	1,50,000
Reserve and surplus	2	60,000	50,000
2) Current liabilities			
Trade payables	3	65,000	50,000
Total Equity and Liabilities		4,25,000	2,50,000

II) Assets

1) Non current assets

Fixed assets

Tangible assets 4 2,70,000 1,40,000

2) Current assets

Inventories 5 50,000 40,000

Trade receivables 6 95,000 64,000

Cash and Cash equivalents 7 10,000 6,000

Total assets 4,25,000 2,50,000

Note to Statement of Assets and Liabilities

Note 1 : Share Capital

Equity shares of Rs. 10 each fully paid up 3,00,000 1,50,000

Share capital 3,00,000 1,50,000

Note 2 : Reserves and Surplus

Reserves Fund 60,000 40,000

Workmens compensation fund - 10,000

Reserves and Surplus 60,000 50,000

Note 3 : Trade payables

Creditors 60,000 40,000

Bills payable 5,000 10,000

Trade payables 65,000 50,000

Note 4 : Tangible assets

Plant and Machinery 2,70,000 1,40,000

Tangible assets 2,70,000 1,40,000



Note 5 : Inventories

Stock	50,000	40,000
Inventories	<u>50,000</u>	<u>40,000</u>

Note 6 : Trade receivables

Sundry debtors	80,000	60,000
Bills receivable	15,000	4,000
Trade receivables	<u>95,000</u>	<u>64,000</u>

Note 7 : Cash and cash equivalent

Bank	10,000	6,000
Cash and cash equivalent	<u>10,000</u>	<u>6,000</u>

Both the companies have agreed to amalgamate and form C Ltd. which will take over all the assets and liabilities of both companies.

- a) The shareholders of A Ltd. are issued four (4) shares of Rs. 10 each at Rs. 12 per share in exchange for three (3) shares in A Ltd.
- b) The assets and liabilities of B Ltd. are to be taken over at book values subject to 5% provision on debtors and bills receivable : and 10% depreciation on sundry fixed assets. Goodwill of B Ltd. was valued at Rs. 25,000.

Compute the purchase consideration and prepare the statement of assets and liabilities of C Ltd.

16. XYZ Co. Ltd. went problems into voluntary liquidation on 31-3-2016 on which date the position was as follows.

Unsecured creditors	1,00,000
Preferential creditors	12,000
Creditors (Secured by plant and machinery)	48,000
Plant and machinery realized	40,000
Cash in hand	3,400
Other assets realized	24,000
The liquidation expenses	2,400

The liquidator remuneration was fixed at 4% an assets realized and 2% on amount paid to unsecured creditors.

Prepare liquidations final statement of accounts.

17. X Ltd. was incorporated on 1-8-2015 to takeover the business of M/s Y as a going concern as from 1-4-2015. The statement of profit and loss of X Ltd. for the year ending 31-3-2016 is as follows :

Particulars	Note	Amount	Total
Continuing operations			
1) Revenue from operation (sales)	1		5,00,000
2) Other incomes	2		-
(A) Total revenue			5,00,000
3) Expenses			
a) Cost of sales	3		3,45,000
b) Employees benefits costs	4		
Salaries		36,000	
Directors fees		<u>1,600</u>	37,600
c) Finance cost	5		
Interest on loan			3,000
d) Other expenses	6		
Rent and rates		12,000	
Office expenses		7,500	
Insurance		3,000	
Electricity		2,400	
Commission on sales		6,000	
Advertisement		7,500	
Carriage outwards		3,000	
Bank charges		1,500	
Preliminary expenses		6,500	
Bad debts		2,000	
Audit fees		<u>3,000</u>	54,400
(B) Total expenses			4,40,000
Net profit (A – B)			60,000

Additional information :

The total turnover of the year ending 31-3-2016 was Rs. 5,00,000 divided into Rs. 1,50,000 for period upto 1st August and Rs. 3,50,000 for the remaining period. Ascertain the profit earned prior to incorporation of the company.

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