

B.Com. III - Semester (CBCS) Degree Examination, Nov./Dec. - 2018

COMMERCE

Corporate Accounting - I

(New)

Time : 3 Hours

Maximum Marks : 70

Section - A

I Answer any Five of the following :

(5×2=10)

1. What is dividends?
2. What is divisible profit?
3. What is Amalgamation?
4. What are types of amalgamation?
5. What is subsidiary company?
6. What is time ratio? Give two examples.
7. State any two rights of liquidators?

Section - B

II Answer any Three of the following :

(3×5=15)

8. Draw the chart showing the minority interest?
9. What are fully and partly secured creditors? Give examples...
10. From the following information by Suresh Ltd prepare reserve and surplus note no. two, under prescribed revised schedule VI of the company act (vertical form).

1. Opening balances :	
Capital Reserve	Rs. 60000
Dividend equalization fund	Rs. 50000
General Reserve	Rs. 40000
Surplus Balance (Cr.)	Rs. 32000
2. Profit after tax for the year	Rs. 76,755

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- 3. Appropriation of profit : Rs. 30000
- a. Transfer to general Reserve Rs. 20,000
- b. Proposed dividend Rs. 5,000
- c. Tax on dividend

11. Calculate purchase consideration of both the company :

	Asha ltd.	Deepa ltd
Assets	315000	350000
Cash	9000	25000
Current liabilities	24000	115000
Equity share capital at Rs. 10 each	200000	300000

- i) Ashadeep agreed to take over the business of Asha ltd and in exchange for which it agreed to issue its 5 shares for every 4 shares in Asha ltd.
- ii) Deep Ltd assets except cash were valued at 10% less than the book values and the liabilities are taken over at Book value.

12. State the basis of allocation for calculating profit prior to incorporation :

- a) Debenture interest
- b) Gross profit
- c) Formation expenses
- d) Audit fees
- e) General expenses.

Section - C

III. Answer any **Three** of the following : (3×15=45)

13. From the following balance extracted from the books of Keerthi co.ltd. for the year ending 31.3.2017. Prepare the statements of assets and liabilities as on 31.3.2017 by schedule - VI of the companies act (Revised).

	Dr.	Cr.
Share capital :		
15000 equity shares of Rs. 10 each		150000
50000 preference share of Rs. 10 each		500000
Securities premium		250000
General reserve		562500
Loss for current year	150000	
Bonds & Debentures		300000
Long term loans from Bank		200000



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Other long term loans		100000
Short term borrowings		150000
Trade payable		522500
Other current liabilities		85000
Provision for income tax		325000
Provision for salary		25000
Building	11,50,000	
Furniture	75,000	
Capital work in progress	50,000	
Investment in govt.	1,50,000	
Investment in preference shares	62600	
Closing stock	6,00,000	
Cash in hand	137500	
Loose tools	29,000	
Trade receivable	602400	
Cash at bank	163500	
	<u>31,70,000</u>	<u>31,70,000</u>

Additional information :

- Authorized capital of the company consists of 20000 equity shares of Rs. 10 each and 100000 preference shares of Rs. 10 each.
- Other current liabilities consists of income received in advance.

14. The following particulars relate to a company which has gone into liquidation on 31.3.2016.

Secured creditors (security on plant)	100000
Insecured creditors	240000
Preferential creditors	20000
1000 equity shares of Rs. 100 each called up Rs. 75	75000
500 equity shares of Rs. 100 each called up Rs. 60	30000
The liquidators realized the assets is as under :	
Plant	140000
Cash	10000
Land and building	200000
Stock	60000

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The liquidation expenses amounted to Rs. 2800. The liquidator is entitled commission of 3% on the assets realized except cash and 2% on the amount paid to unsecured creditors.

Prepare liquidators final statement of account.

15. Spoorthi Co.ltd incorporated on 1.8.2015 to takeover the business of Keerthi Brothers partnership firm as a going concern from 1-4-2015.
- The average monthly sales for the first four months were Rs. 2,00,000. The average monthly sales for the next eight months were Rs. 1,50,000. The following are the balances as on 31.3.2016 extracted from the ledger.

<u>Particulars</u>	<u>Note</u>	<u>Amount</u>	<u>Rs.</u>
I. Continuing operations :			
1. Revenue form operations	1		20,00,000
2. Other Income	2		-
			<u>20,00,000</u>
3. Expenses :			
a. cost of sales	3		15,00,000
b. employees benefit cost :	4		
salaries		60000	
directors fees		20000	
M.D. Remuneration		<u>4000</u>	84,000
c. Depreciation	5		6000
d. Other expenses :	6		
Rent and taxes		24000	
Advertisement		30000	
Sales commission		30000	
Bad debts		20000	
Preliminary expenses		<u>20000</u>	<u>124000</u>
			1714000
Net profit			<u>286000</u>
			<u>20,00,000</u>

Other information :

Rent was paid at the rate of Rs. 1500 per month upto 1-8-2015 and there after it was increased to Rs. 2000 per month for the remaining eight months period.

Prepare the statement of profit and loss showing profit or loss to incorporation and after incorporation of the company.

16. From the following information prepare the consolidated statement of assets and liabilities as on 31.3.2016.

Statement of Assets & Liabilities as on 31.3.2016.

<u>Particulars</u>	<u>Note</u>	<u>H. Co. Ltd.</u>	<u>S. Co. Ltd</u>
I. Liabilities :			
1. Share holders fund :			
a. Share capital	1	300000	200000
b. Reserve and surplus	2	115000	95000
2. Non - current liabilities :			
12% Debentures	3	100000	-
3. Current liabilities :			
Trade payable	4	75000	87500
		<u>590000</u>	<u>382500</u>
II. Assets :			
1. Non - current assets :			
Tangible fixed assets	5	150000	125000
Intangible fixed assets	6	50000	1,00,000
Non - current investment	7	180000	-
2. Current Assets :			
Inventories	8	100000	67500
Trade receivable	9	100000	70000
Cash	10	10000	20000
		<u>590000</u>	<u>382500</u>

Notes of Account

	H. Ltd	S. Ltd
1. Share capital at Rs. 10 each	<u>300000</u>	<u>200000</u>
	<u>300000</u>	<u>200000</u>
2. Reserve and surplus :		
General Reserve	30000	20000
P & L A/c (Cr.) on 1-4-2015	35000	30000
P & L A/c (Cr.) for the year	50000	45000
	<u>115000</u>	<u>95000</u>
3. Long term borrowings :		
12% debentures	100000	-

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	<u>100000</u>	-
4. Trade payables :	75000	87500
Creditors	<u>75000</u>	<u>87500</u>
5. Tangible assets :	100000	75000
Buildings	50000	50000
Machinery	<u>150000</u>	<u>125000</u>
6. Intangible assets :	50000	100000
Good will	<u>50000</u>	<u>100000</u>
7. Non - current investment :	180000	-
15000 shares in S ltd.	<u>180000</u>	-
8. Inventories :	100000	67500
Stock	<u>100000</u>	<u>67500</u>
9. Trade receivable :	100000	70000
Debtors	<u>100000</u>	<u>70000</u>
10. Cash	10000	20000
	<u>100000</u>	<u>20000</u>

Adjustments :

- 1) H. Ltd acquired the shares in S. Ltd on 1-8-2015.
- 2) General reserve of S.Ltd on 1-4-2015 was Rs. 17000
- 3) Debtors of S.ltd included the amount of Rs. 10000 for supply of goods to H. ltd.
- 4) The stock of H. ltd included the goods purchased from S. ltd worth Rs. 5000. The goods were supplied by S.ltd at cost +25% The above goods still in stock.

17. A & B two companies agreed to amalgamate by transferring their undertaking to a new company, as AB co. ltd. Formed, on that date of amalgamation their statement of assets and liabilities were as under.

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<u>Particulars</u>	<u>Note</u>	<u>A. Co. Ltd.</u>	<u>B. Co. Ltd</u>
I. Liabilities :			
1. Share holders fund :			
a. Share capital	1	100000	70000
b. Reserve and surplus	2	30000	20500
2. Non - current liabilities :			
Long term borrowings	3	50000	-
3. Current liabilities :			
Trade payable	4	30000	34000
		<u>210000</u>	<u>124500</u>

II. Assets :			
1. Non - current assets :			
Fixed tangible assets	5	150000	62000
2. Current assets :			
Inventories	6	10000	7500
Trade receivable	7	40000	45000
Cash	8	10000	10000
		<u>210000</u>	<u>124500</u>

Notes of Accounts :

	<u>A. Ltd</u>	<u>B. Ltd</u>
1. Share capital at Rs. 10 each	100000	70000
	<u>100000</u>	<u>70000</u>
2. Reserve and surplus :		
Reserve Fund	8000	5500
P and L A/c (Cr. Balance)	22000	15000
	<u>30000</u>	<u>20500</u>
3. Long term borrowings :		
Debentures	50000	-
	<u>50000</u>	-
4. Trade payable :		
Creditors	24500	30000
Bills payable	5500	4000
	<u>30000</u>	<u>34000</u>

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5. Tangible fixed assets :		
Leaschold property	120000	62000
Freehold property	30000	-
	<u>150000</u>	<u>62000</u>
6. Inventories :		
Stock	10000	7500
	<u>10000</u>	<u>7500</u>
7. Trade Receivable :		
Debtors	40000	45000
	<u>40000</u>	<u>45000</u>
8. Cash	10000	10000
	<u>10000</u>	<u>10000</u>

For the purpose of Amalgamation the assets are to be valued as under :

	A. Co. Ltd	B. Co. Ltd.
Leasehold property	140000	65000
Freehold property	50000	-
Debtors	35000	40000
Stock	9000	4000
Goodwill	10000	11000

The new AB Co. Ltd issued shares to A & B Co. at Rs. 10 each and at a premium of Rs. 5 per share.

You are required to calculate :

- Purchase consideration.
- Write up ledger account of Realization account, purchasing co. A/c and equity share holders A/c in the books of both the A and B co. Ltd.
- Pass the incorporating opening journal entries in the books of new AB Co. Ltd