(NO. OF PAGES: 6)

(FOR THE CANDIDATES ADMITTED DURING THE ACADEMIC YEAR 2023-2024 ONLY)

SUBJECT CODE 23 UCO 305

REG.NO.

N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI

END-OF-SEMESTER EXAMINATIONS : NOVEMBER – 2024

B.Com. (AIDED & SF) **MAXIMUM MARKS: 75**

SEMESTER : III **TIME : 3 HOURS**

PART – III

CORPORATE ACCOUNTING

SECTION – A (10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS. (K1)

1. Share allotment is a …….

a) Personal a/c b) Real a/c c) Impersonal a/c d) Nominal a/c

2. Accounting Standard for Amalgamation is _____

a) AS-8 b) AS-20 c) AS-14 d) AS-3

3. ----------refers to reorganization of the capital structure of a company. It may result in the reduction of claims of both the shareholders and creditors against the company.

a) External reconstruction b) Internal reconstruction c) Liquidation d) Share holding

4. Goodwill is _____.

(a) an intangible asset (b) a fixed asset (c) Realisable (d) Asset

5. List 'A' in statement of affairs gives the list of ……

a) Assets specifically pledged b) Assets not specifically pledged

c) Preferential creditors d) Unsecured creditors

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES. (K2)

6. Define forfeiture of shares.

7. Define Amalgamation.

8. Define External Reconstruction.

9. List any TWO items of fixed assets of balance sheet.

10. What is Liquidation?

(CONTD …. 2)

SECTION – B (5 X 5 = 25 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)

11. a) The authorised capital of a limited company is Rs. 2,00,000 divided in to 20,000 equity shares of Rs.10 each. Out of these, 15,000 shares have been issued to the public, payable Rs. 2 on application, Rs. 4 on allotment, Rs. 2 on first call and Rs. 2 on second and final call. Pass necessary journal entries. All amounts have been duly received.

(OR)

b) X, a shareholder, holding 100 shares of Rs 10 each has paid application money of Rs 2 per share and allotment money of Rs 3 per share, but has failed to pay the first call of Rs 2 per share and second call of Rs 3 per share. His shares were forfeited. Make the journal entry to record the forfeiture of shares.

12. a) Raman Ltd., Agrees to purchase the business of Krishnan Ltd., on the following terms:

a) For each of the 10,000 shares of 10 each in Krishnan Ltd. 2 shares in Raman Ltd. of Rs.10 each will be issued at an agreed value of Rs. 12 per share. In addition, Rs.4 per share cash also will be paid.

b) 8% Debentures worth Rs. 80,000 will be issued to settle the Rs. 60,000 9% Debentures in Krishnan Ltd.

c) Rs. 10,000 will be paid towards expenses of winding up.

Calculate Purchase Consideration.

(OR)

b) The following are the summarized balance sheet of M ltd., and N ltd.,

Particulars	M Ltd	N Ltd	Particulars	M Ltd	N Ltd
Share capital	40,000	20,000	Sundry Assets	42,000	33,000
Profit & Losses Account	5,000	-	Shares in N ltd	20,000	
Creditors	15,000	6,000	Loan – N Ltd.	8,000	-
loan – H Ltd	10,000	-	Profit and losses Account	-	1,000
Loan – M Ltd.	-	8,000			
	70,000	34,000		70,000	34,000

The whole of the shares of N ltd., are held by M ltd., the new company MN Ltd. Is formed to acquire the sundry assets and creditors of M ltd. And N Ltd. And for this purpose, the sundry assets of M Ltd. Re revalued at Rs.30,000 and those of N Ltd. At Rs.Rs.20,000. The amount of the loan due to H Ltd. Is also to be discharged in shares in the new company; the debt due to M Ltd. Is also to be similarly discharged. Calculate Purchase consideration.

13. a) Show the meaning of External Reconstruction. Explain its methods of Purchase Consideration..

(OR)

b) Bee Ltd**.** has 60,000 equity shares of Rs. 100 each, Rs. 80 per share called up. Now the Company decides to pay off Rs. 20 per share of the paid up capital and at the same time to reduce the Rs. 100 share to Rs. 60 share fully paid up by cancelling the unpaid amount. Give journal entries.

(CONTD …. 3)

14. a) From the following particulars of K.Jai Tarn ltd., you are required to calculate the managerial remuneration in the situation. There is only Two whole time director

Net profit before provision for income tax and managerial remuneration, but after depreciation and provision for repairs	8,70,410
Depreciation provide in the books	3,10,000
Provision for repairs of machinery during the year	25,000
Depreciation allowable under schedule XIV	2,60,000
Actual expenditure incurred on repairs during the year	15,000

(OR)

b) List out the contents of Balance sheet.

15. a) The following particulars relate to a limited company which went into voluntary liquidation:
Preferential creditors Rs.25, 000.9750035416
Unsecured creditors Rs.58, 000
6% Debentures Rs.30, 000
The assets realized Rs.80, 000. The expenses of liquidation amounted to Rs.1,500 and the liquidator's remuneration was agreed at 2 ½% on the amount realized and 2 % on the amount paid to unsecured creditors including preferential creditors. Show the liquidator's final statement of account.

(OR)

b) A Ltd. went into voluntary liquidation. The following are the details:
Assets realized Rs. 40,000
Liquidator's remuneration Rs. 5,000
Unsecured creditors Rs. 20,000
Preference share capital is Rs. 20,000 (2,000 shares of Rs. 10 each). Equity share capital consists of :
1,000 shares of Rs. 10 each, Rs. 9 called and paid up Rs. 9,000
2,000 shares of Rs. 10 each, Rs. 5 called and paid up Rs. 10,000
You are required to prepare "Liquidator's Statement of Account".

SECTION – C (5 X 8 = 40 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.

(K4/K5)

16. a) Ram Ltd. Issued to the public 5,000 shares of Rs. 100 each at a discount of 5% payable as follows:
On application Rs. 25
On allotment Rs. 34 (39)
On first & final call Rs.36
Applications were 4,800 share received for and all of these were accepted. All the money due was received except the first and final call on 300 shares which were forfeited. 200 of these shares were reissued at Rs.90 as fully paid. Show the required journal entries in the company's books.

(OR)

b) Earth movers Ltd, issued 15,000 14% debentures of Rs. 100 each for public subscription, at a premium of **10%** payable as to Rs. 30 on application, Rs. 50 on allotment (including premium) and balance in one call.

(CONTD …. 5)

25,000 applications were received, 4,000 applications were rejected and debentures were allotted to the remaining applications pro – rata. Allotment amount was received from all the allottees one whom paid the call amount due on his along with allotment money. The call amount was also collected on the due date.

Give the necessary Journal entries.

17. a) The following are the Balance Sheets of Honey Ltd. and Stark Ltd. as on 31-3-2016.

Liabilities	Honey (Rs.)	Stark (Rs.)	Assets	Honey (Rs.)	Stark (Rs.)
Share capital: Shares of Rs. 10 each	2,00,000	4,00,000	Fixed Assets	2,40,000	5,00,000
General Reserve	80,000	1,20,000	Debtors	40,000	20,000
P&L a/c	20,000	-	Stock	60,000	80,000
Creditors	60,000	1,00,000	Cash	20,000	20,000
	3,60,000	6,20,000		3,60,000	6,20,000

Stark Ltd., agreed to absorb Honey Ltd. on the following terms:

1. Stark Ltd. to give one share of Rs. 10 each, at an agreed value of Rs. 30 per share for every three shares in Honey Ltd. The shares of Stark Ltd. are quoted in the market at 45 per share.
2. The trade liability is to be taken over.

Give the required journal entries in the books Stark Ltd., and the balance sheet after the absorption is completed if the amalgamation is in nature of purchase.

(OR)

b) On 31-3-2008. X Ltd., was absorbed by ZLtd., the later taking over all the assets and liabilities of the former at book values. The consideration for the business was fixed at Rs.4,00,000 to be discharged by the transferee company in the form of its fully paid equity shares of 10 each, to be distributed among the share holds of the transferor company, each shareholder getting two shares for every share held in the transferor company. The balance sheets of the two companies as on 31-3-2008 stood as under:

Liabilities	X Ltd	Z Ltd	Assets	X Ltd	ZLtd
Share Capital: Authorized	15,00,000	5,00,000	Goodwill	2,00,000	6,00,000
Issued and subscribed: Equity shares of Rs.10 each, Fully paid up	9,00,000	2,00,000	Plant & Machinery	4,12,000	1,00,000
General Reserve	9,00,000	2,00,000	Furniture	80,000	30,000
Profit and Loss Account	20,502	12,900	Stock in Trade	2,65,500	60,000
Workmen's compensation fund	12,000	9,000	Sundry Debtors	2,21,200	46,000
Sundry Creditors	58,567	30,456	Prepaid Insurance	-	700
Staff provident fund	10,200	4,000	Income Tax Refund claim	-	6,000
Provision for Taxation	12,300	5,000	Cash in hand	869	356
			Cash at bank	14,000	8,300
	11,93,569	3,11,356		11,93,569	3,00,356

Amalgamation express amounting to Rs.1,000 was paid by X ltd. You are required to prepare realization Account and Equity share holder Account in the books of Z ltd.,

(CONTD …. 6)

18. a) Given below is the Balance sheet of Hard Luck Ltd. as at 31-3-2015.

Liabilities	Rs.	Assets	Rs.
40,000 shares of Rs.10 each fully paid	4,00,000	Land & Building	3,20,000
Creditors	3,00,000	Plant & Machinery	1,30,000
		Stock	70,000
		Debtors	1,20,000
		Cash	500
		Preliminary Expenses	5,000
		Profit and Losses a/c	54,500
	7,00,000		7,00,000

The following scheme of reconstruction was arranged:

1. The company to go into liquidation and a new company, Lucky Ltd. with an authorized capital of Rs. 8,00,000 to be formed to take over the assets and liabilities.
2. Preference creditors of Rs. 10,000 included in the above Balance Sheet are to be paid in full.
3. Unsecured creditors to receive either (a) 50 per cent of their claim in cash or (b) 6 per cent debentures in the new company, equivalent to their claims at par.
4. Shareholders in Hard luck ltd. to be allotted one share in the new company of Rs. 10 each, Rs. 5 paid for every existing share held by them.
5. Reconstruction costs amounting to Rs. 6,000 to be paid by Hard Luck Ltd. from cash made available by the new company.

Half of the unsecured creditor in value opted out for immediate cash payment for which purpose necessary cash was made available by the new company which made a call of Rs. 5 each on the partly paid shares allotted as aforesaid. The new company valued all assets (except Land & Buildings) taken over from Hard Luck Ltd., at book values.

Prepare the Balances sheet of the new company after the above transactions are concluded.

(OR)

b) Write short notes on:
i) Amalgamation ii) Absorption
iii) External Reconstruction iv) Internal Reconstruction

19. a) Give the format of Trading and Profit & Loss Account.

(OR)

b) Calculate the Managerial remuneration from the following particulars of Asset and Company Ltd. Due to managing director of the company at the rate of 5% of the profits. Also determine the excess remuneration paid, if any; Net profit Rs.2,00,000

(CONTD …. 7)

Net profit is calculated after considering the following:	Amount (Rs)
Depreciation	40,000
Preliminary expenses	10,000
Tax provision	3,10,000
Directors fee	8,000
Bonus	15,000
Profit on sale of fixed assets (original cost Rs.20,000 , written down value Rs.11,000)	-
Provision for doubtful debts	15,500
Scientific research expenditure (for setting up new machinery)	20,000
Managing directors remuneration paid other information: a. Depreciation allowable under schedule XIV of the Companies Act b. Bonus liability as per payment of Bonus Act,1965	30,000 35,000 18,000

20. a) A Company went into voluntary liquidation on 31.3.2008; when the following balance sheet was prepared.

Liabilities	Rs.	Assets	Rs.
Authorised capital: 4,000 shares of Rs.10 each	40,000	Goodwill Freehold property	6,960 5,000
Issued capital: 3,000 shares of Rs.10 each	30,000	Machinery Stock	7,480 11,710
Unsecured creditors	15,432	Debtors	9,244
Partly secured creditors	5,836	Cash	100
Preferential creditors	810	Profit &loss a/c	11,816
Bank overdraft(unsecured)	232		
	52,310		52,310

The liquidator realized the assets as follows:

Freehold property which was used in the first instance to pay the partly secured creditors pro-rata Rs.3,600; Machinery Rs.5,000; Stock Rs.6,200; Debtors Rs.8,700; Cash Rs.100.

The expenses of liquidation amounted to Rs.100 and the liquidator's remuneration was agreed at 2.5% on the amount realized including cash and 2% on the amount paid to unsecured creditors. Prepare the liquidator's final statement of account.

(OR)

b) LT Ltd. went into Liquidation with the following liabilities:

Secured creditors - Rs. 40,000 (Securities realized Rs. 50,000)
Preferential Creditors - Rs. 1,200
Unsecured creditors - Rs. 61,000
Liquidation expenses - Rs. 500

The Liquidator is entitled to a remuneration of 3% on the amount realized (Including securities in the hands of secured creditors) and 1½ % on the amount distributed to unsecured creditors. The various assets (excluding the securities in the hands of secured creditors) realized are Rs. 52,000.

Prepare the liquidator's statement of account showing the payment made to the unsecured creditors.

****