

30. Ledger balances of Z Ltd. as on 31st March 2016 were:

Debit	Rs.	Credit	Rs.
30,000 Equity shares of Rs. 100 each	30,00,000	Goodwill	5,00,000
10,000 11% Preference shares of Rs. 100 each	10,00,000	Fixed assets	30,00,000
15% Debentures	10,00,000	Current assets	10,90,000
Interest due on debentures	3,00,000	Surplus a/c (negative)	15,50,000
Sundry creditors	8,40,000		
Total	61,40,000	Total	61,40,000

The following scheme of reconstruction has been passed and approved by the court:

- The equity shares are to sub- divided into shares of Rs. 10 each and each shareholder shall surrender 70 per cent of his holdings.
- Out of the surrendered shares, 50,000 shares shall be issued to preference shareholders in full settlement of their claims.
- Debenture holders' total claim shall be reduced to Rs. 7,00,000 and shall be satisfied by the issue of 70,000 equity shares out of surrendered shares.
- Creditors' claims are to be reduced by 50 per cent and in consideration they shall receive 20,000 equity shares out of surrendered shares.
- The remaining surrendered shares shall be cancelled.

You are required to give journal entries and the Balance Sheet in the books of Z Ltd.

31. The balance sheet of Dreamers Ltd. as on 31st March, 2015 stood as under:

Liabilities	Rs.	Assets	Rs.
10% Preference capital (Rs. 100)	30,00,000	Fixed assets	130,00,000
Equity capital (Rs. 10)	60,00,000	Investments	24,00,000
General reserve	36,00,000	Current assets	20,00,000
12% Debentures	28,00,000		
Current liabilities	20,00,000		
Total	174,00,000	Total	174,00,000

Performers Ltd. agreed to take over the assets and liabilities of Dreamers Ltd. as per the following terms and conditions:

- Fixed assets at 90% of the book value.
- Investments at 10% above the par value.
- Current assets and liabilities at book value except that stock- in- trade (cost amounting to Rs. 10,00,000) was agreed to be taken over at a discount of 20%.
- 12% debentures to be discharged at a premium of 15% by issuing 12% debentures of Performers Ltd.
- Preference shareholders are to be discharged at a premium of 15% by issuing 10% preference shares of Rs. 100 each.
- The equity shareholders in Dreamers Ltd. are to be issued 5 equity shares of Rs. 10 each in Performers Ltd. for every 3 shares held by them.

Calculate purchase consideration under (a) net asset method, and (b) net payment method.

(2 x 15 = 30 Marks)

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(Pages: 4)

Name:

Reg. No.

THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2020

(CUCBCSS-UG)

CC15U BC3 B04 - CORPORATE ACCOUNTING

(Commerce – Core Course)

(2015 Admission – Supplementary)

Time : Three Hours

Maximum : 80 Marks

Part-I

Answer *all* the questions. Each question carries 1 mark.

Choose the correct answer:

- On forfeiture of shares, forfeited shares account is credited with value.
 - called up
 - unpaid
 - paid up
 - nominal
- Premium on redemption of preference shares can be provided out of
 - Securities premium
 - capital reserve
 - general reserve
 - all of these
- The balance in Sinking Fund account is transferred to account.
 - capital reserve
 - general reserve
 - debenture
 - sinking fund investment
- Any profit on realisation account is transferred to account.
 - creditors
 - capital reserve
 - equity shareholders
 - capital reduction
- Cash credit is a form of
 - deposit
 - advance
 - investment
 - bank balance

Fill in the blanks:

- means the issue of share to existing shareholders.
- A company can purchase own debentures either for cancellation or for
- In insurance policy, the assured sum is paid only on the death of the insured.
- The excess amount paid to transferor company than the net worth is debited to account.
- When smaller number of shares of larger denominations is converted into larger number of shares of smaller denominations it is called

(10 x 1 = 10 Marks)

Part-II

Answer any *eight* questions. Each question carries 2 marks.

- What is registered capital?
- What are the sources of redemption of preference shares?
- Give any two advantages of buy back of shares.
- What are convertible debentures?
- What are capital profits?
- What do you mean by intrinsic value of a share?
- Differentiate between internal reconstruction and external reconstruction.
- What is annuity?
- What is rebate on bills discounted?
- What is meant by reinsurance?

(8 x 2 = 16 Marks)

(1)

Turn Over

Part-III

Answer any *six* questions. Each question carries 4 marks.

21. What is oversubscription? How excess application money on over subscription is treated in accounts?
22. Distinguish between debenture and share.
23. What are the entries passed by a company that goes into liquidation for the purpose of amalgamation?
24. On 1st April 2015, Metal Products Ltd. issued debentures for Rs. 1,00,000 redeemable at par at the end of five years and it was resolved that a Sinking Fund should be formed and invested in tax- free securities.
Give journal entries for 5 years assuming that the interest received on the investments was at the rate of 5% on cost, that the interest was received yearly and immediately invested and that the investments were realised at a loss of Rs. 300 at the end of five years.
Reference to the Sinking fund Table shows that Rs. 0.180975 invested at the end of year at 5 % compound interest will produce Rs. 1 at the end of 5 years.
25. X Ltd. forfeited 150 equity shares of Rs. 10 each, issued at a premium of Rs. 5 per share, held by Ram on 15th December, 2015, for non- payment of allotment money of Rs. 8 per share (including securities premium Rs. 5 per share), the first call of Rs. 2 per share and the final call of Rs. 3 per share. Out of these 100 equity shares were re- issued to Laxman at Rs. 14 per share on 25th December, 2015.
Give journal entries.

26. Liabilities and assets of Zee Ltd as at 31.03.2016 are given below:

Liabilities	Rs.	Assets	Rs.
Equity capital (20,00,000 shares of Rs. 10)	200,00,000	Freehold property	200,00,000
Securities premium	20,00,000	Stock in trade	120,00,000
General reserve	180,00,000	Sundry debtors	100,00,000
14% Debentures	100,00,000	Cash and bank	180,00,000
Current liabilities	100,00,000		
Total	600,00,000	Total	600,00,000

It was resolved at the meeting of shareholders:

- To buy back 20% of equity shares @Rs. 12 per share
- To utilize general reserve for buy back of shares
- To utilize securities premium for premium on buy back
- To immediately cancel the shares bought back

Pass necessary journal entries and draw up the balance sheet after the above transactions have been given effect to.

27. Prepare the Fire Insurance Revenue a/c for the year ending 31st March 2016 from the following particulars:

	Rs.		Rs.
Claims paid	4,90,000	Expenses of management	2,00,000
Legal expenses	10,000	Reserve for unexpired risk	
Premiums received	13,00,000	On 1.04.2015	5,50,000
Reinsurance premium paid	1,00,000	Claims unpaid on 1.04.2015	50,000
Commission	3,00,000	Claims unpaid on 31.03.2016	80,000

28. From the following particulars, prepare the Profit and Loss Account of PN Bank for the year ended 31st March, 2016 under the provisions of the Act applicable thereto:

	Rs.		Rs.
Interest on loan	518	Postage & telegram	2.8
Interest on cash credit	446	Sundry charges	2
Discount on bills discounted	390	Advertisement	1.4
Interest on overdrafts	108	Directors' fee	6
Interest on savings bank deposit	220	Printing & stationery	0.4
Interest on fixed deposits	554	Law charges	1.4
Commission, exchange & brokerage	16.4	Payment to employees	108
Rent, taxes and lighting	36	Locker rent	0.7
Auditors' fee	2.4	Transfer fee	1.4
Depreciation on property	10		
Supplementary information:		Rebate on bills discounted Rs. 98,000 and provide for bad debts Rs. 58,000	

(6 x 4 = 24 Marks)

Part-IV

Answer any *two* questions. Each question carries 15 marks.

29. Following is the Trial Balance of Zee Ltd. as on 31st March 2016:

Debit	Rs.	Credit	Rs.
Stock on 1.04.2.15	75,000	Purchase returns	10,000
Purchases	2,45,950	Sales	3,40,000
Wages	30,000	Discount received	3,000
Furniture	17,000	Surplus a/c	15,000
Salaries	7,500	Share capital	1,00,000
Rent	4,000	Creditors	17,500
Sundry expenses	16,950	General Reserve	15,500
Debtors	27,500	Bills payable	7,000
Plant & machinery	29,000		
Cash at bank	45,300		
Patents	4,800		
Bills receivable	5,000		
Total	5,08,000	Total	5,08,000

You are required to prepare statement of Profit and Loss for the year ending 31st march, 2016 and a Balance Sheet after considering the following adjustments:

- Stock on 31.03.2016 was Rs. 88,000
- Provide for income tax @35% and corporate dividend tax @ 20%
- Depreciate plant and machinery by 15%, furniture by 10% and patents by 5%
- Outstanding rent amounted to Rs. 800 and outstanding salaries Rs. 900
- Provide Rs. 510 for doubtful debts
- The board recommends a dividend @15% per annum
- Transfer 5% of current year's profit to general reserve