

**PSG COLLEGE OF ARTS & SCIENCE**  
(AUTONOMOUS)

**BCom(CS) DEGREE EXAMINATION DECEMBER 2018**  
(Fourth Semester)

Branch - **CORPORATE SECRETARYSHIP**

**CORPORATE ACCOUNTING -1**

Time : Three Hours

Maximum : 75 Marks

**SECTION-A (20 Marks)**

Answer **ALL** questions

**ALL** questions carry **EQUAL** marks (10 x 2 = 20)

- 1 What is Share?
- 2 What do you understand by Capital Redemption Reserve?
- 3 What is Time Ratio?
- 4 What are divisible profits?
- 5 Explain briefly various provision of AS-14.
- 6 What is external Reconstruction?
- 7 What is capital reduction?
- 8 Define a holding company.
- 9 Write a short note on "Minority Interest".
- 10 Define Goodwill.

**SECTION - B (25 Marks)**

Answer **ALL** Questions

**ALL** Questions Carry **EQUAL** Marks (5 x 5 = 25)

- 11 a KMB Ltd. invited application for 20,000 shares of Rs. 100 each payable;
  - Rs.25 on application
  - Rs.35 on allotment
  - Rs.40 on call
 25,000 shares were applied for. The director accepted applications for Rs.20,000 shares and rejected the remaining application. All money due were fully received. Give journal entries.
 

OR

 b M Ltd took over the assets of Rs.7,00,000 from K Ltd for Rs.6,60,000. M Ltd paid the purchase price by issuing debentures of Rs.100 each at a premium of 10%. Give journal entries.
- 12 a You are required to calculate the time ratio for the pre and post incorporations periods from the following particulars:
  - i) Date of incorporation: 1<sup>st</sup> June 1999.
  - ii) Period of financial accounts: April 1999 to March 2000.
  - iii) Total Wages: Rs.4,800.
  - iv) Number of workers: Pre Incorporation period :5  
Post incorporation period: 25

OR

 b A Company has fixed assets of Rs.2,00,000 and profit after depreciation @ 5% p.a. is Rs. 80,000 and the income tax limit for depreciation is Rs. 8,000. Calculate a) 5% of the net profit as commission to manager  
b) Tax provision at 50%.
- 13 a A Purchasing company agree to issue 3 shares of Rs.10 each, Rs.8 paid up for every 5 shares in vendor company. Find the number of shares and amount of shares to be issued by the purchasing company if the vendor
  - company has Rs.5,00,000 paid up share capital of Rs.10 each Rs.5 paid up.

OR

- 14 a P Ltd acquired 65% shares of Q Ltd on 1-10-02. P/L a/c in the books of Q Ltd. showed a debit balance of Rs.40,000 on 1-4-02. On 31-3-03, the balance sheet of Q Ltd. showed P/L a/c balance of Rs. 1,20,000. Calculate capital profit and revenue profits.

OR

- b **Balance sheet as on 31-12-2008**

Liabilities	A Ltd Rs.	B Ltd Rs.	Assets	A Ltd Rs.	B Ltd Rs.
Share Capital Re.1 fully paid shares	15,000	6,000	Sundry Assets	22,000	14,000
Reserves	3,000	2,000	Investments :6,000 shares in B Ltd	10,000	
P/L a/c	2,000	1,000			
Sundry Creditors	12,000	5,000			
	32,000	14,000		32,000	14,000

A Ltd acquired the shares on 31-12-2008. Prepare consolidated balance sheet as on 31 -12-2008.

- 15 a 'K' Ltd 5,00 equity shares in 'R' Ltd. the paid up capital of which is 30,000 equity shares of Re.1 each. It is ascertained that;  
i) the normal net profit of such company is Rs.5,000.  
ii) the normal return for the type of business carried out by the company is 8%. 'R' request you to value his shares based upon the above figures.

OR

- b A Firm earns Rs. 1,20,000 as its annual profits, the rate of normal profit being 10%. The assets of the firm amount to Rs. 14,40,000 and liabilities to Rs.4,80,000. Find out the value of goodwill by capitalization method.

**SECTION - C (30 Marks!)**

Answer any **THREE** Questions

ALL Questions Carry **EQUAL** Marks (3 x 10 = 30)

- 16 On 1.4.1997, R Ltd issued 2,500 8% debentures of Rs.100 each at 5% discount. Holders of the debentures have option to convert their holdings into equity shares of Rs.100 each at a premium of Rs.25 per share at any time within 3 years. On 31-3-98 holders of 500 debentures notified their intention to exercise the option. Show the necessary journal entries in the company's books relating to issue and conversion of the debentures. Also how the items affected would appear in the company's Balance Sheet.
- 17 Ganesh Ltd was registered on 1-7-97 to acquire the running business of 'S' company with effect from 1-1-97. The following was P/L a/c of the company on 31 -12-97.

Particulars	Rs.	Particulars	Rs.
To Office expenses	54,000	By Gross Profit B/d	2,25,000
To formation exp (written off)	10,000		
To stationery	5,000		
To Selling exp	60,000		
To director fees	20,000		
To net profit	76,000		
	2,25,000		2,25,000

You are required to prepare a statement showing profit earned by the company in the pre and post incorporation periods. The total sales for the year took place in the ratio of 1:2, before and after incorporation respectively.

Cont...

The following are the balance sheet of 'IT Ltd and 'S' Ltd as on 31-12-2016

Liabilities	H Ltd Rs.	S Ltd Rs.	Assets	H Ltd Rs.	S Ltd Rs.
Share Capital shares 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

'S' Ltd agreed to absorb 'H' Ltd on the following terms.

i) S Ltd to give one shares of Rs.10 each, at an agreed value of Rs.30 per share for every three shares in 'H' Ltd. the shares of S Ltd. are quoted in the market at Rs.45 per share.

ii) The trad liability is to taken over. Give the required journal entries in the books of S Ltd and Balance sheet after the absorption is completed is the amalgamation is in the nature of purchase.

19 What are the objectives of Holding Company?

20 The following particulars relate to a limited company which went into voluntary liquidation.

Preferential Creditors Rs.25,000

Unsecured Creditors Rs.58,000

6% Debentures Rs.30,000

The assets realised Rs.80,000 the expense of liquidation amounted to Rs. 1,500 and the liquidators remuneration was agreed at 2Vi on the amount realised and 2% on the amount. paid to unsecured creditors including preferential creditors.

Show the liquidators final statement of account.

Z-Z-Z

END