

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom(CS) DEGREE EXAMINATION MAY 2017
(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 meant by forfeiture of shares?
- 2 Define is bonus shares.
- 3 What do you mean by weighted time ratio?
- 4 What is to be included in profits?
- 5 Define absorption.
- 6 What is meant by reconstruction?
- 7 What do you mean by holding company? '
- 8 What is minority interest?
- 9 State the nature of goodwill.
- 10 What is super profit?

SECTION - B (25 Marks!)

Answer ALL Questions

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

- 11 a Kailash Ltd. purchased the business of Mani Bros, for Rs. 54,00,000 payable in fully paid shares of Rs. 100 each. What entries will be jjiade in the books of Kailash Ltd. If such issue is (a) at par (b) at a premium for 20% (c) at a discount of 10%?

OR

- b The following extract from the balance sheet of Excel Co. Ltd as on 31st Dec 2015, is given to you.

Share capital	Rs.
2,00,000 equity shares of Rs. 10 each	20,00,000
3,00,000 6% redeemable Prof, shares of Rs. 10 each	30,00,000
Capital reserve	15,00,000
General reserve	9,00,000
Profit & loss A/c	25,50,000

The company exercises its option to redeem the preference shares on 1st Jan. 2016. The company has sufficient cash.

Give journal entries to record the redemption.

- 12 a Nathiya Ltd, has a credit balance on P & L A/c of Rs. 3,00,000 on 1.4.2014 and the net profit for the year 2014-15 is Rs. 30,00,000. It was decided that the following decision be carried out regarding provision reserves and dividends:
- i) General reserve Rs. 3,50,000
 - ii) Investment allowance reserve Rs .3,50,000
 - iii) Provision for taxation @ 50%
 - iv) Dividend equalization fund A/c Rs. 2,00,000
 - v) Dividend on 10% preference shares of Rs. 20,00,000
 - vi) Dividend at 15% on 3,00,000 equity shares of Rs. 10 each fully paid
- You are required to give P & L appropriation A/c and give journal entries for payment of dividend.

- 12 b A company was incorporated on 1.6.2015 in order to purchase a running business from 1.1.2015. The following particulars are available from its records:

	Rs.
i) Total sales for 2015	80,000
ii) Sales from 1.1.15 to 31.5.15	20,000
iii) Gross profit for the whole year	30,000
iv) Total expenses of 2015 (including directors fees Rs. 1,000)	25,000
v) Company's share capital	75,000

Find out profit prior to incorporation and after incorporation by preparing profit and loss account.

- 13 a Raman Ltd., agrees to purchase the business of Krishnan Ltd., on the following terms:

- i) For each of the 10,000 shares of Rs. 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.
 - ii) 8% debentures worth Rs. 80,000 will be issued to settle the Rs. 60,000 9% debenture in Krishnan Ltd.
 - iii) Rs. 10,000 will be paid towards expenses of winding up.
- Calculate the purchase consideration.

OR

- b Explain the methods of accounting for Amalgamation?

- 14 a On 31.12.2015, X Ltd acquired 80% equity shares of Y Ltd. The P & L A/c and general reserve balances as per balance sheet of Y Ltd prepared on 31.12.15 amounting to Rs. 6,80,000 and Rs. 1,44,000 respectively. On the date of acquisition of shares, the assets of Y Ltd. were revalued and gain at Rs. 1,20,000 was found out. Calculate capital profits and revenue profits.

OR

- b Consolidate the following balance sheets:

Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd.
	(Rs.)	(Rs.)		(Rs.)	(Rs.)
Capital Re. 1 shares	1,400	1,000	900 shares in S at cost	1,200	-
Creditors	-	500	Sundry assets	200	1,800
P & L A/c		300			
	1,400	1,800		1,400	1,800

When H Ltd acquired the shares in S, the profit and loss A/c of the latter had a credit balance of Rs. 200.

- 15 a What are the sources of goodwill?

OR

- b A firm earned net profits during the last three years as follows:

	Rs.
I Year	36,000
II Year	40,000
III Year	44,000

The capital investment of the firm is Rs. 1,00,000 a fair return on the capital, having regard to the risk involved, is 10%.

Calculate the value of goodwill on the basis of 3 years purchase of super