

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom(CS) DEGREE EXAMINATION DECEMBER 2017
(Fourth Semester)

Branch - **CORPORATE SECRETARYSHIP**

CORPORATE ACCOUNTING !

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks!)

Answer **ALL** questions

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

- 1 Write short notes on Interim Dividend.
- 2 What is valuation of shares?
- 3 What is bonus shares?
- 4 State the meaning of Reverse fund.
- 5 Define Goodwill.
- 6 State the meaning of Debenture.
- 7 What is amalgamation?
- 8 State the meaning of holding company.
- 9 What is external reconstruction?
- 10 What is minority interest?

SECTION - B (25 Marks)

Answer **ALL** Questions

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

- 11 a A Co.Ltd., issued 50,000 equity shares of Rs.10 each to the public on condition that full amount of shares will be paid in a lumpsum. All these shares were taken up and paid up by the public. Pass journal entries.
- a. Shares issued at par
 - b. Shares issued at premium 10% and
 - c. Shares issued at discount of 10%

OR

- b A company issued 1,000 8% debentures of Rs.100 each. If the debenture were issued as follows:

- a. Issued at par, Redeemable at par
- b. Issued at discount 5% and redeemable at par
- c. Issued at premium of 10% and redeemable at par

- 12 a From the following particulars calculate the net profit for managerial remuneration

- a. Net profit Rs. 16,00,000
- b. Remuneration:

(i) Managing directors	Rs. 75,000
(ii) Whole time directors	Rs. 60,000
- c. Provision for bad and doubtful debts Rs. 30,000
- d. Provision for income tax Rs. 8,00,000

OR

- b Find out the profit prior to incorporation

Time ratio	2:4
Sales ratio	2:6
Gross profit	Rs.3,40,100
Administrative expenses	Rs. 1,39,200
Selling expenses	Rs.37,200
Preliminary expenses	Rs.23,120

Cont...

13 a Following is the balance sheet of Samy Ltd as on 31-03-2004

Liabilities	Rs	Assets	Rs
Share capital: 8% preference shares of Rs.100 each	3.75.000	Fixed assets	16,25,000
Equity shares of Rs.10 each	7.50.000	Investments	3,00,000
General Reserve	4.50.000	Current Assets	2,50,000
7% Debentures	3.50.000		
Current liabilities	2.50.000		
	21,75,000		21,75,000

Romy Ltd. Agreed to takeover the business of Samy Ltd. Calculate purchase consideration under Net Asset method on the basis of the following:

- (i) Romy Ltd. agreed to discharge 7% debentures at a premium of 10% by issuing 9% debentures of Romy Ltd.
(ii) Fixed assets are to be valued at 10% above book value, the investments at par, current assets at 10% discount and current liabilities at book value.

OR

- b Calculate the amount of Goodwill on the basis of three years of purchase of the last four years average profit. The profits and losses for the last four years are:

Years	Rs.
I	10,000
II	16,000
III	6,000(loss)
IV	12,000

- 14 a A, B and C are in partnership sharing profits in the ratio of 2:2:1. The firm was converted into a limited company and assets and liabilities were sold to the company at book values with the expectation of goodwill, for which the company agreed to pay Rs.8,000 more than the book value and machinery which was taken at Rs. 1,000, less than the book value. The capitals of A,B and C at the date of purchase by the limited company were Rs.10,000, Rs.6,000 and Rs.5,000. You are required to calculate the purchase consideration.

OR

- b 'H' Ltd. purchased 60% of the shares in 'S' Ltd. on 1.1.96. The following is the summarized Profit & Loss account of the companies, after ascertaining net profit.

Particulars	H Ltd Rs.	S Ltd Rs.	Particulars	H Ltd Rs.	S Ltd Rs.
To proposed dividend		1,00,000	By net profit b/d	4,00,000	1,80,000
To balance c/d	4,60,000	80,000	By dividend received from S Ltd	60,000	
	4,60,000	1,80,000		4,60,000	1,80,000

You are required to prepare a consolidated Profit & Loss Account of the two companies.

- 15 a 'A' Ltd acquired 80% of the shares in 'B' Ltd. on 1.1.96 on which date 'B' Ltd had Rs.20,000 credit balance in its Profit & Loss Account. The following position was revealed on 31.12.1997.

	A Ltd Rs.	B Ltd Rs.
Profit for the year	2,00,000	80,000
P & L Balance on 31.12.96	1,20,000	70,000

OR

- b Explain the different methods of calculating Goodwill.

SECTION - C (30 Marks!)

Answer any **THREE** Questions

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

- 16 The following particulars relate to a limited company which went into voluntary liquidation:

	Rs.
Preferential Creditors	25,000
Unsecured Creditors	58,000
6% Debentures	30,000

The assets realised Rs. 80,000. The expenses of liquidation amounted to Rs. 1,500 and the liquidator's remuneration was agreed at 214 % on the amount realised and 2% on the amount paid to unsecured creditors including preferential creditors. Show the liquidator's final statement of account.

- 17 The following are the abridged balance sheets of P Ltd. and S Ltd. As on 31st March, 1999.

Liabilities	P Ltd (Rs'000)	S Ltd (Rs'000)	Assets	P Ltd (Rs'000)	S Ltd (Rs'000)
Equity share capital of Rs 10 each	8,000	3,000	Fixed Assets	11,000	4,730
10% Preference Share capital of Rs.100 each.	.	1,000	Current Assets	4,000	1,970
General Reserve	4,610	980			
Statutory Reserve	390	125			
Profit & Loss A/c	563	355			
12% debentures	.	250			
Current Liabilities	1,437	990			
	15,000	6,700		15,000	6,700

On 1st April, 1999, P Ltd. takes over S Ltd. on the following terms:

- P Ltd. will issue 3,50,000 equity shares of Rs. 10 each at par to the equity shareholders of S Ltd.
- P Ltd will issue 11,000 10% Preference shares of Rs.100 each at par to the Preference shareholders of S Ltd.
- The Debentures of S Ltd will be converted into an equal number of 12.5% debentures of the same denomination.

You are informed that the statutory reserves of S Ltd. are to be maintained for two more years. You are required to show the balance sheet of P Ltd. immediately after above the mentioned scheme of amalgamation has been implemented assuming that the amalgamation is in the nature of merger.

- 18 The Balance Sheets of C Ltd and D Ltd as on 31st December, 1986 are as follows:

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Share capital(in shares of Rs.10 each)	2,00,000	1,00,000	Sundry Assets	1,32,500	1,38,200
General Reserve	18,000	20,000	Goodwill	.	20,000
Profit & Loss a/c	24,500	23,000	Shares in D Ltd at cost	1,40,000	.
Creditors	30,000	15,200			
	2,72,500	1,58,200		2,72,500	1,58,200

In the case of D Ltd., profit for the ended 31st December 1986 is Rs.12,000 and transferred to reserve is Rs.5,000. The holding of C Ltd. in D Ltd. is 90% acquired on 30th June 1986. Draft a consolidated balance sheet if C Ltd and its subsidiary.

- 19 Distinguish between Shares and Debentures.
- 20 From the following balance, Prepare the balance sheet of a company in the prescribed format:

	Rs.		Rs.
Goodwill	1,50,000	Investments	2,00,000
Share capital	5,00,000	Debentures	2,50,000
Other fixed assets	4,70,000	P/L a/c	25,000
Reserves	1,10,000	Stock	80,000
Share Premium	15,000	Debtors	55,000
Preliminary expenses	15,000	Bank balance	30,000
Unsecured Loans	65,000	Creditors	35,000

Z-Z-Z

END