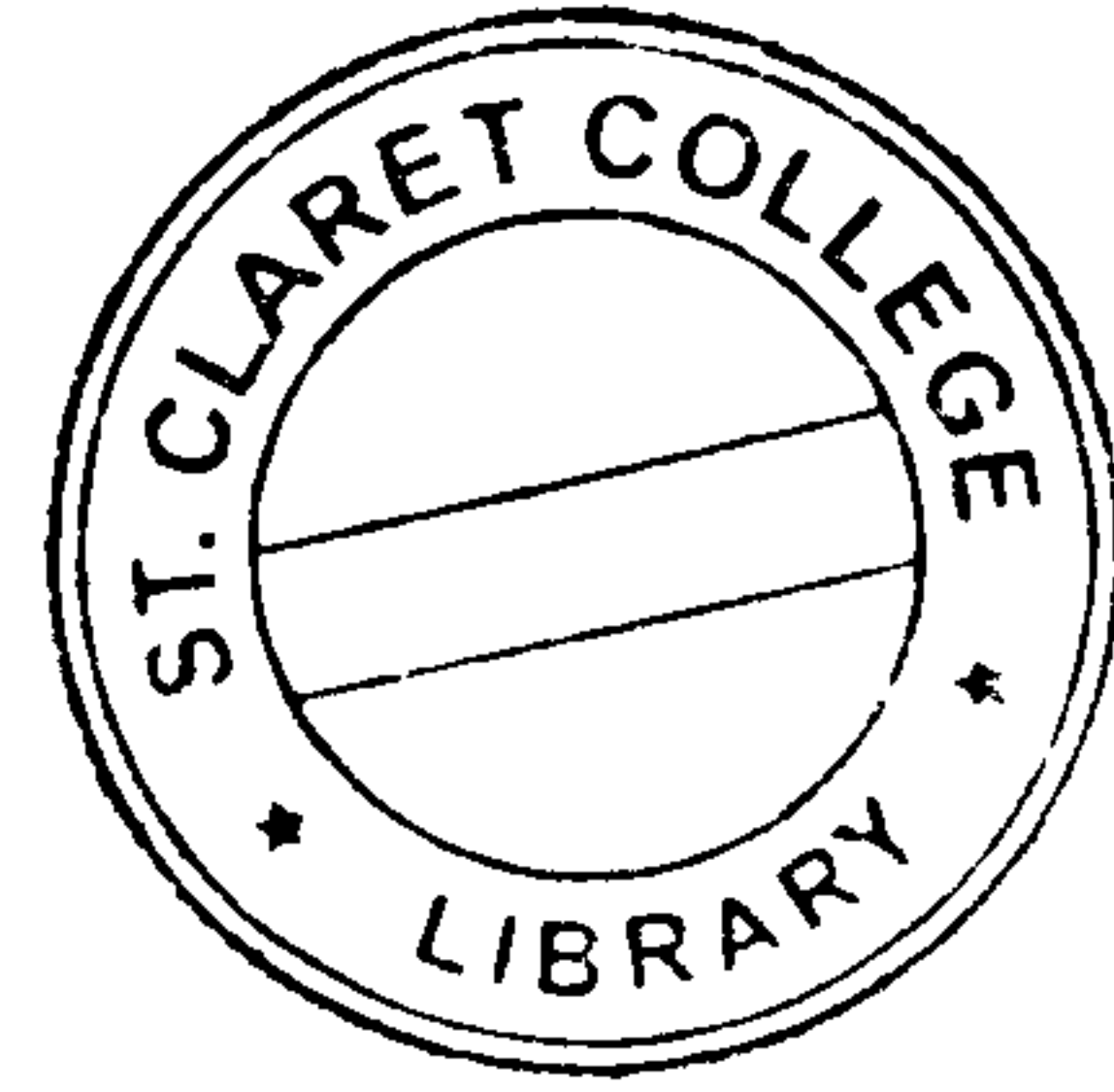


39

III Semester B.B.M. Examination, November/December 2015
 (Semester Scheme)
 (Repeaters) (Prior to 2013-14)
 (100 – 2012-13 Only)
 (90 – Prior to 2012-13)
BUSINESS MANAGEMENT
3.4 : Corporate Accounting



Time : 3 Hours

Max. Marks : 100/90

- Instructions :** 1) Answer should be written in **English only**.
 2) Section – **D** should be answered by students of **2012-13 only (100 Marks)**.
 3) Section **A, B and C** to be answered by **all repeaters (90 Marks)**.

SECTION – A

Answer **any ten** sub-questions. **Each** question carries **two** marks.

(10×2=20)

1. a) Mention any two objectives of Amalgamation of company.
- b) Distinguish between Interim and Final Dividend.
- c) What is Forfeiture of Shares ?
- d) Give the meaning of Share.
- e) Give the meaning of External Reconstruction.
- f) What is contingent liability ?
- g) What do you mean by issue of shares at premium ?
- h) What do you mean by purchase consideration ?
- i) State any four types of Debentures.
- j) Give the meaning of preference shares.
- k) Under which heading the following items are shown in the company Balance Sheet :
 - i) Discount on issue of shares
 - ii) Security Premium
 - iii) Loose Tools
 - iv) Bank overdraft.

P.T.O.



- l) What is internal reconstruction ?
- m) Give the journal entry for the purchase consideration due in the books of Vendor Company.
- n) What is Realisation Account ? Why it is prepared ?

SECTION – B

Answer **any five** of the following questions **each** question carries **5** marks. (5×5=25)

2. State any five differences between Shares and Debentures.
3. Write a note on Amalgamation in the nature of purchase.
4. Explain different types of Preference Shares.
5. From the following particulars prepare Profit and Loss Appropriation A/c :

	₹
a) Profit and Loss A/c b/f	1,80,000
b) Net profit before Tax	
(Provision for Taxation 40%)	8,75,000
c) Transfer to Reserve Fund	1,25,000
d) The Share Capital consist of the following :	
i) 10000, 12% Preference Shares of ₹ 100 each.	
ii) 10000 Equity shares of ₹ 100 each ₹ 80 paid up.	
e) The Directors proposed a dividend of 20% on equity shares.	

6. The Directors of Lakshmi Trading Co. Ltd. resolved that 2000 equity shares of ₹ 10 each are to be forfeited for the non payment of Final Call money of ₹ 3 per share. The above forfeited shares were reissued at ₹ 8 per share as fully paid up.

Give the Journal Entries to record the above transaction.



7. From the following prepare Profit and Loss A/c for the year ending 31-3-2015 :

	₹
Gross profit for the year	7,60,000
Profit on Sale of Investment	35,000
Interest Accrued on Investments	24,000
Salaries to Employees	65,000
Selling Expenses	30,000
Loss of Stock due to fire	12,000
Income Tax provision	20,000
Commission received	5,000

8. Calculate purchase consideration and number of shares issued from the following :

- Value of Assets as per Balance Sheet ₹ 25,12,750.
- Agreed value of assets taken over ₹ 18,21,570.
- Liabilities as per Balance Sheet ₹ 3,21,570.
- Liabilities not taken over ₹ 21,570.
- The purchase consideration is paid by the issue of equity shares of ₹ 10 each at a premium of ₹ 5 per share.

SECTION – C

Answer **any three** questions. **Each** carries **15** marks.

(3×15=45)

9. The G. K. Co. Ltd. issued for public subscription 40000 shares of ₹ 10 each at a premium of ₹ 2 per share payable as follows.

On application ₹ 2 per share

On allotment ₹ 5 per share (including premium)

On First call ₹ 2 per share

On Final call ₹ 3 per share

Application were received for 60000 shares. 40000 shares were allotted and excess application money received is returned. The company made all the money due and duly received except the final on 2000 Shares. These shares were forfeited and Later reissued as fully paid at ₹ 8 per share.

Pass necessary Journal entries and prepare Balance Sheet.



10. Following is the trial balance of Moon Co. Ltd. as on 31-3-2015 :

Particulars	Debit	Credit
	₹	₹
Share Capital (Shares of ₹ 10 each)	–	3,20,000
Stock on 1-4-2014	2,04,000	–
Purchase and Sales	8,80,000	13,20,000
Returns	15,200	–
General Expenses	7,200	–
Wages	36,000	–
Manufacturing Expenses	12,000	–
Salaries	74,800	–
Travelling Expenses	12,800	–
Advertisement	6,200	–
Rent and Tax	19,600	–
Discount	3,400	8,800
Bad debts	10,000	–
Buildings	3,80,000	–
Debtors and Creditors	1,80,000	2,22,000
Plant and Machinery	3,92,000	–
Loans (Secured)	–	1,00,000
6% Debentures	–	2,00,000
Cash	49,600	–
Reserve fund	–	92,000
Profit and Loss A/c	–	20,000
	22,82,800	22,82,800

Adjustments :

- 1) Provide 5% for doubtful debts.
- 2) Provide debenture interest for one year.
- 3) Depreciate Building 5% and Plant and Machinery at 10%.
- 4) Wages outstanding ₹ 2,500 and Salary outstanding ₹ 3,000.
- 5) Closing Stock ₹ 1,56,000.

Prepare Final A/c of the company.



11. A Ltd. and B Ltd. carrying on similar Business decided to amalgamate and a new company called AB Ltd. is formed to take over the assets and liabilities of both the companies and it is agreed that fully paid equity shares of ₹ 100 each shall be issued by the new company to the values of the net assets of both the old companies.

Balance Sheets as on 31-3-2015

Liabilities	A Ltd.	B Ltd.	Assets	A Ltd.	B Ltd.
Share Capital ₹ 50 each	2,50,000	2,00,000	Goodwill	25,000	10,000
General Reserve	1,00,000	–	Land and Buildings	85,000	50,000
P & L A/c	15,000	–	Plant and Machinery	1,20,000	80,000
Sundry Creditors	20,000	40,000	Furniture	25,000	37,500
Bills Payable	20,000	–	Stock	50,000	37,500
Bank Overdraft	–	40,000	Debtors	60,000	35,000
			Cash	40,000	1,500
			P & L A/c	–	28,500
	4,05,000	2,80,000		4,05,000	2,80,000

All tangible assets are taken over at book values and goodwill of A Ltd. is to be valued at ₹ 60,000 while that of B Ltd. was valueless.

You are required to compute the purchase consideration. Pass incorporate entries in the books of AB Ltd. and also prepare Balance Sheet of New Company.

12. The Assets of Moon Co. Ltd. were purchased by the Sun Co. Ltd. The purchase consideration was as follows :

- 1) A payment of cash at ₹ 40 for every share in the Moon Co. Ltd.
- 2) A further payment in cash of ₹ 110 for every Debentures in the Moon Co. Ltd.
- 3) An exchange of 4 shares in the Sun Co. Ltd. of ₹ 50 each at the market value of ₹ 80 for every share in the Moon Co. Ltd.

Balance Sheet of Moon Co. Ltd. as on 31-3-2015

Liabilities	₹	Assets	₹
Share Capital 2000 shares of ₹ 200 each	4,00,000	Buildings	1,50,000
		Machinery	3,00,000
		Stock	1,80,000



Reserves	1,30,000	Debtors	1,60,000
Profit and Loss A/c	50,000	Bank	70,000
2000 Debentures of ₹ 100 each	2,00,000		
Creditors	60,000		
Bills Payable	20,000		
	8,60,000		8,60,000

Prepare necessary Ledger Accounts in the books of Moon Co. Ltd. under Purchase Method.

13. Following is the Balance Sheet of Star Ltd. as on 31-3-2015 :

Liabilities	₹	Assets	₹
Share Capital 4000 Preference		Goodwill	30,000
Shares of ₹ 100 each	4,00,000	Free hold Premises	4,00,000
8000 Equity Shares		Plant	6,00,000
of ₹ 100 each	8,00,000	Stock	1,00,000
5% Mortgage Debentures	2,00,000	Debtors	80,000
Bank overdraft	1,00,000	Profit and Loss A/c	3,60,000
Creditors	2,00,000	Discount on issue of shares	1,30,000
	17,00,000		17,00,000

The following scheme was approved by the court for the company :

- 1) Preference Shares to be reduced to ₹ 75 per share and the equity shares to ₹ 37.50 per share.
- 2) Debenture holders to take over stock and debtors in full satisfaction of the amount due to them.
- 3) Goodwill and other fictitious assets are eliminated.
- 4) Freehold premises to be depreciated by 50%.
- 5) Plant to be appreciated by ₹ 1,00,000.

Pass necessary Journal entries and prepare reconstructed Balance Sheet.



SECTION - D

To be answered by students of **2012-13** only.

(10×1=10)

14. Prepare the Balance Sheet of Asha Co. Ltd. from the following Ledger Balances as on 31-3-2015 :

	₹
Equity Share Capital	5,00,000
Land and Buildings	3,00,000
9% Preference Share Capital	2,00,000
Stock on 31-3-2015	1,50,000
Investments	1,00,000
5% Mortgage Debentures	3,00,000
Sundry Debtors	1,20,000
Furniture	80,000
Patents	25,000
Bills Payable	22,000
Underwriting Commission	18,000
Marketable Securities	50,000
Unclaimed Dividend	30,000
Plant and Machinery	2,09,000
Sundry Creditors	48,000
Bills Receivable	48,000

9/6/15