



Reg. No. :

Name :

IV Semester B.B.A. Degree (CBCSS-Reg./Supp./Imp.) Examination, April 2019
(2014 Admission Onwards)

Core Course
4B08 BBA : CORPORATE ACCOUNTING

Time : 3 Hours

Max. Marks : 40

SECTION – A

Answer **all** questions. **Each** question carries ½ mark.

1. What do you mean by profit prior to incorporation ?
2. What is amalgamation ?
3. What is internal reconstruction ?
4. What do you mean by contingent liabilities ?

SECTION – B

Answer **any 4** questions. **Each** question carries **1** mark.

5. What is pre incorporation period and post incorporation period ?
6. Explain the term purchase consideration.
7. What is absorption ?
8. What do you mean by capital reserve ?
9. What is vendor company ?
10. What is external reconstruction ?

SECTION – C

Answer **any 6** questions. **Each** question carries **3** marks.

11. Explain the types of reconstruction.
12. What do you mean by amalgamation ? How it differ from absorption ?
13. How will you treat profit or loss prior to incorporation ?



14. Differentiate amalgamation in the nature of merger and purchase.
15. Write down the accounting entries in the books of a vendor company.
16. Explain the procedure for reducing share capital.
17. X Ltd., had ₹ 2,00,000 authorised capital divided into 20,000 shares of Rs. 10 each. All these shares were issued and paid to the extent of Rs. 7 per share. The company decided to pay off Rs. 2 per share and to reduce the Rs. 10 share to Rs. 5 share fully paid up by cancelling the unpaid amount. There was Rs. 50,000 balance in P and L a/c (Cr.)

Pass journal entries and show how share capital will appear in the balance sheet.

18. Delhi company, incorporated on 1st April 2014, took over running business from 1st January, 2014. The company prepares its first final accounts on 31st December 2014. From the following information, you are required to calculate the sales ratio of pre-incorporation and post incorporation periods.
 - a) Sales for January, 2014 to December, 2014 ₹ 4,80,000.
 - b) The sales for the month of January twice of the average sales; for the month of February equal to average sales, sales for four months May to August $\frac{1}{4}$ th of average of each month; and sales for October and November, three times the average sales.

SECTION – D

Answer **any 2** questions. **Each** question carries **8** marks.

19. What do you mean by Purchase Consideration ? Explain the different types of calculation of purchase consideration with suitable examples.
20. The following balances appear in the books of ABC Ltd., after the preparation of profit and loss a/c for the year ended 31st March, 2016.

Paid up share capital : In 12,500 shares of ₹ 10 each	1,25,000
General reserve	25,000
P and L balance on 1-4-2015	13,000
Profit for current year	32,000
Bank loan	41,000
Sundry creditors	52,000



Unclaimed dividend	500
Land and building	60,000
Stock	1,45,000
Debtors	71,000
Cash at bank	5,500
Prepaid expenses	7,000

The board of directors recommended the following appropriations :

- i) Transfer to general reserve Rs. 15,000
- ii) Proposed dividend Rs. 12,500
- iii) Provide 10% proposed dividend for corporate dividend tax.

Authorised capital is 25000 shares of ₹ 10 each. Prepare P and L appropriation a/c and balance sheet.

21. Subhash Ltd., was incorporated on 1st July 2014 and received its certificate of commencement of business on 1st August 2014. The company bought the business of M/s Small and Co. with effect from 1st March 2014. From the following figures relating to the year ending February 28, 2015. Find out the profits available for dividends :

a) Sales for the year were ₹ 6,00,000 out of which sales up to 1st July were ₹ 2,50,000

b) Gross profit for the year was ₹ 1,80,000

c) The expenses debited to the statement of P and L a/c were :

Rent	9,000	Advertising	18,000
Salaries	15,000	Stationery	3,600
Director's fee	4,800	Commission	6,000
Interest on debentures	5,000	Bad debts (₹ 500 for pre incorporation)	1,500
Audit fee	1,500	Interest to vendor on purchase consideration up to 1 st Sept. 2014	3,000
Discount on sales	3,600		
Depreciation	24,000		
General expenses	4,800		