



K21U 0925

Reg. No. :

Name :

**IV Semester B.B.A. Degree (CBCSS – Suppl./Imp.) Examination, April 2021
(2014-'18 Admn.)**

**Core Course
4B08 BBA : CORPORATE ACCOUNTING**

Time : 3 Hours

Max. Marks : 40

SECTION – A

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

1. What is contingent liabilities ?
2. What do you mean by absorption ?
3. What is net payment method ?
4. What do you mean by internal reconstruction ?

SECTION – B

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

5. What is consolidation of shares ?
6. How does amalgamation differ from external reconstruction ?
7. What is final dividend ?
8. What are the items included under the heading current liabilities and provisions ?
9. How to calculate purchase consideration under intrinsic value method ?
10. What is corporate dividend tax ?

P.T.O.



SECTION – C

Answer any 6 questions. Each question carries 3 marks.

11. What are the items included in inventories ?
12. Differentiate amalgamation, absorption and external reconstruction.
13. What is the procedure for internal reconstruction ?
14. What are the objectives of external reconstruction ?
15. From the following information extracted from the books of ABC Ltd. Prepare Balance Sheet of the Company as at 31st March 2019 as per schedule III of the Companies Act, 2013.

Particulars	Amount
	₹
Inventories	40,000
Reserves and surplus	15,000
Cash and cash equivalents	17,000
Fixed assets-intangible	40,000
Fixed assets-tangible	3,00,000
Other current liabilities	2,000
Other long term liabilities	1,00,000
Trade receivables	25,000
Trade payables	65,000
Short term or current provision	25,000
Long term borrowing	2,05,000
Share capital	1,00,000
Current investments	30,000
Non-current investments	60,000



16. The following scheme of reconstruction has been approved for Y Ltd.

- i) The shareholders to receive in lieu of their present holding of 1,20,000 shares of ₹ 10 each, the following :
 - a) Fully paid ordinary shares ₹ 10 each, ₹ 5 paid up equal to 1/3 of their holding.
 - b) 15% preference shares of ₹ 100 each equal to 1/2 the amount of the above new ordinary shares.
 - c) ₹ 3,00,000, 16% debentures of ₹ 100 each.
- ii) The goodwill which stood at ₹ 4,00,000 was written down to ₹ 2,50,000 and machinery was reduced by ₹ 60,000.
- iii) ₹ 70,000 in the debit of P&L A/C was written off and the balance in the capital reduction was transferred to capital reserve account.

Give journal entries in the books of the company for the implementation of the above scheme.

17. From the following particulars, calculate weighted time ratio for pre and post incorporation period and share the salaries accordingly :

Accounting period – 1st January to 31st December 2019.

Date of incorporation – 1st May 2019.

Total salaries of the year – ₹ 14,00,000.

Total number of workers :

Pre incorporation period – 5

Post incorporation period – 15.

18. A Ltd., having 15,000 shares is absorbed by B Ltd., on the basis of intrinsic value of ₹ 10 and ₹ 15 per share respectively. Calculate purchase consideration.

SECTION – D

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

19. What do you mean by purchase consideration ? Explain different methods of calculating purchase consideration.

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20. The Balance Sheet of Udaya Ltd., was as follows :

Particulars

Note No. ₹

I EQUITY AND LIABILITIES :

1. Shareholders' funds		
Share capital	1	2,00,000
Reserves and surplus	2	1,04,000
2. Share application money pending allotment		
3. Non-current liabilities		
Long term Borrowings (Debtors)		1,00,000
4. Current liabilities		
Trade payables (Creditors)		82,000
Short term Provisions (Reserve for doubtful debts)		3,500
Total		4,89,500

II ASSETS :

1. Non-current assets		
Fixed assets :		
Tangible assets	3	2,00,000
Intangible assets		1,00,000
2. Current assets		
Inventories	4	83,000
Trade receivables		74,000
Cash and cash equivalents		32,500
Total		4,89,500

Notes to Account

Particulars

1. Share capital		
12,000, 6% preference shares of ₹ 10 each		1,20,000
8,000 equity shares of ₹ 10 each		80,000
Total		2,00,000



2. Reserves and Surplus

Reserve Fund	84,000
Profit and Loss Account	20,000
Total	1,04,000

3. Tangible assets

Building	1,10,000
Plant	90,000
Total	2,00,000

4. Trade Receivables

Debtors	70,000
Bills receivable	4,000
Total	74,000

Navodaya Ltd., was registered and the following scheme of reconstruction was arranged.

- All the assets and liabilities except cash were transferred to Navodaya Ltd.
- The allotment of eleven 15% preference shares of ₹ 10 each fully paid for each 10 preference shares held in Udaya Ltd.
- 20 equity shares of ₹ 10 each credited as ₹ 9 paid for each 16 equity shared held.
- Sufficient debentures to enable the existing debenture holders to be satisfied at a premium of 5% on their holding by the issue of 16% debentures in the Navodaya Ltd.
- The equity shares were made fully paid up by collecting the balance amount immediately after acquisition process.

The expense of liquidation of Udaya Ltd. were ₹ 7,500. Show the ledger accounts in the books of Udaya Ltd.



21. The following is the balance sheet of short life Ltd., as on 31st December 2019.

Balance Sheet as at 31st December 2019

Particulars	Note No.	₹
I EQUITY AND LIABILITIES :		
1. Shareholders' funds		
Share capital	1	9,00,000
Reserves and surplus (P&L A/C)		(1,30,000)
2. Share application money pending allotment		-
3. Non-current liabilities		
Long term Borrowings (12% Debentures)		1,00,000
4. Current liabilities		
Trade payable (Creditors)		2,00,000
	Total	10,70,000
II ASSETS :		
1. Non-current assets		
Fixed assets :		
Tangible assets (Plant & Machinery)		5,00,000
Intangible assets (Goodwill)		1,80,000
2. Current assets		
Inventories		3,00,000
Trade receivables		70,000
Cash and cash equivalents		20,000
	Total	10,70,000

Notes to account

Particulars	₹
Share capital	
14%, 4,000 preference shares of ₹ 100 each	4,00,000
50,000 equity shares of ₹ 10 each fully paid	5,00,000
Total	9,00,000



The court has approved the following scheme of reconstruction :

- 1) To issue 15% preference shares of ₹ 60 each for every 14% ₹ 100 preference shares.
- 2) To reduce the equity shares by ₹ 4 each.
- 3) To redeem 12% debentures of ₹ 1,00,000 by the issue of 14% debentures of ₹ 80,000 in full satisfaction.
- 4) To write off goodwill and accumulated loss, write down plant and machinery by ₹ 60,000 and any balance left from capital reduction scheme be provided for doubtful debts.

Give journal entries to effect the scheme and also prepare a new balance sheet.