

Roll No																			
---------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--



PRESIDENCY UNIVERSITY

SCHOOL OF COMMERCE

MAKE-UP EXAMINATIONS, JAN 2023

Course Code: COM301

Course Name: CORPORATE ACCOUNTING

Program: B.COM

Date: 25-01-2023

Time: 09:30 AM – 12:30 PM

Max. Marks: 100

Weightage: 50%

Instruction:

Read all questions carefully and answer accordingly

PART A

Answer all the ten questions

10 x 2 = 20

1. What is Capital Redemption Reserve Account? (CO1)
- 2 Describe any two properties of preference shares. (CO1)
- 3 What is meant by acquisition? (CO2)
- 4 What is absorption? How does it differ from amalgamation? (CO2)
- 5 What do you understand by Reduction of Capital? (CO3)
- 6 Distinguish between internal reconstruction and amalgamation. (CO3)
- 7 Who are preferential creditors under company law? (CO4)
- 8 What is a List 'A' contributory and List 'B' contributory? (CO4)
- 9 Define Human Resource Accounting. (CO5)
- 10 What is social audit? (CO5)

PART B

Answer all the four questions

4 x 10 = 40

11 A company has 8000 redeemable preference shares of Rs. 100 each fully paid. The company decides to redeem the shares on September 30,2022, at a premium of 7%. The company has sufficient profits but in order to augment liquid funds the following issues are made:

- (1) 3000, 6% debentures of Rs. 100 each at Rs. 106.
- (2) 2000, equity shares of Rs. 100 each at Rs. 111.

The issues were fully subscribed and all the amounts were received. The redemption was duly carried out. Give Journal entries.

(CO1)

12 What is purchase consideration? What are the differences between Net Payment Method and Net Assets Method?

(CO2)

13

Balance Sheet of X Ltd.

LIABILITIES	RS.	ASSETS	RS.
Issued and paid-up share capital: 10000 equity shares of Rs. 10 each, full paid	100000	Goodwill	10000
10000, 7% preference shares of Rs. 10 each, full paid	100000	Other fixed assets	90000
		Stock in trade	25000
		Debtors	30000
		P and L Account	45000
	200000		200000

It was resolved that equity share capital of Rs. 10 each be reduced to fully paid shares of Rs. 6 each and 7% preference shares of Rs. 10 each be reduced at 7.5 % fully paid preference shares of Rs. & each. Number of shares in each case remained the same.

It was resolved that the amount so available be used for writing off the debit balance of the profit and Loss Account, and Goodwill Account and other fixed assets to the extent possible.

There were arrears of preference dividends for the last three years and it was decided that they be cancelled. Draft the Journal entries and prepare the revised Balance Sheet.

(CO3)

14 Describe the difference between amalgamation in the nature of merger and nature of purchase.

(CO2)

PART C

Answer all the two questions

2 x 20 = 40

15. PP. Ltd. had an authorised share capital of 10 lakhs.

Liabilities	Rs.	Assets	Rs.
Share Capital: Issued and fully paid: 15,000, 5% redeemable preference shares of 10 each- 150000 30,000 equity shares of 10 each-300000	450000	Fixed Assets: Plant and machinery 400000 Furniture 42000 Vehicles 48000	490000
Share Premium	1,35,000	Investments	100000
General Reserve	160000	Current Assets: Stock 210000 Debtors 110000 Balance at Bank 90000	410000
Profit & Loss Account	55000		
Sundry Creditors	200000		
	1000000		1000000

On April 1, 2017, the company decided to redeem the whole of the preference share capital at a premium of 5%. For this purpose, it decided to sell the investments realising 97,500.

On July 1, 2017, the company issued equity bonus shares, fully paid, in the ratio of one for every share held on that date. Draft the Journal entries to record the above transactions and draw up the Balance Sheet of the company after incorporating these entries.

(CO1)

16. Balance Sheet of Bubble Ltd. as on December 31, 2023

LIABILITIES	RS.	ASSETS	RS.
Share Capital:		Land and Building	25000
8000 Preference shares of Rs. 10 each	80000		
12000 Equity shares of Rs. 10 each	120000		
Bank Loan	400000	Other fixed assets	200000
8% Debentures		Stock	525000
Interest outstanding on Debentures	8000	Debtors	100000
Creditors	200000	Profit & Loss Account	58000
	908000		908000

The company went into liquidation on that date. Prepare the Liquidator's Statement of Account after taking into account the following:

- (i) Liquidation expenses and liquidator's remuneration amounted to Rs. 3000 and Rs.10000 respectively.
- (ii) Bank loan was secured by pledge of stock.
- (iii) Debentures and interest thereon are secured by a floating charge on all assets.
- (iv) Fixed assets were realised at book values and current assets at 80% of book values.

(CO4)