



K20U 0929

Reg. No. :

Name :



IV Semester B.B.A. Degree (CBCSS – Reg./Sup./Imp.) Examination, April 2020
(2014 Admn. Onwards)
Core Course
4B08 BBA : CORPORATE ACCOUNTING

Time : 3 Hours

Max. Marks : 40

SECTION – A

Answer the 4 questions. **Each** question carries $\frac{1}{2}$ mark.

1. What is Net Worth ?
2. What do you mean by external reconstruction ?
3. What is corporate dividend tax ?
4. What are current liabilities ?

($\frac{1}{2} \times 4 = 2$)

SECTION – B

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

5. What is consolidation of shares ?
6. What do you mean by amalgamation ?
7. What is a Profit and Loss account ?
8. What is unclaimed dividend ?
9. Mention any 2 items coming under miscellaneous expenditure head.
10. What is purchase consideration ?

($1 \times 4 = 4$)

SECTION – C

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

11. What is profit prior to incorporation ? How is it treated ?
12. Explain amalgamation in the nature of merger.
13. What is net asset method of calculating purchase consideration ? Illustrate with imaginary figures.

P.T.O.



14. Differentiate internal reconstruction from absorption.
15. X Ltd. was incorporated on 1st April 2003 in order to take over a running business from 1st January 2003, X Ltd. prepares its final accounts on 31st December 2003. You are asked to calculate the sales ratio of pre and post-incorporation periods from the following particulars.

Sales (from January 2003 to December 2003) Rs. 6,80,000.

January sales = Twice the average sales

February sales = Average sales

May to August = $\frac{1}{4}$ th of the average sales

October and November = 3 times the average sales.

16. What is a Vertical Balance Sheet ? Give a specimen of it.
17. The balance sheet of M Ltd. as on 31st March 2017 is as follows :

Liabilities	Rs.	Assets	Rs.
Share capital (2,00,000 shares of Rs. 10 each)	20,00,000	Goodwill	5,00,000
		P & L account	1,90,000
		Plant and Machinery	17,00,000
Sundry creditors	15,00,000	Stock	8,00,000
		Debtors	3,00,000
		Cash	10,000
	35,00,000		35,00,000

The following scheme of reconstruction was approved :

- To reduce the paid up capital by Rs. 5 per share
- To write off goodwill and debit balance in profit and loss account
- To write down the plant and machinery by Rs. 3,00,000

Give journal entries and prepare capital reduction account.

18. The balance sheet of Jay Ltd. as on 31st March 2017 is as follows :

Liabilities	Rs.	Assets	Rs.
Share capital	2,00,000	Goodwill	40,000
General reserve	35,000	Land and Building	90,000
Profit and Loss A/c	20,000	Plant and Machinery	75,000
Debentures	50,000	Stock	52,000
Sundry creditors	25,000	Debtors	58,000
		Cash	15,000
	3,30,000		3,30,000



Jay Ltd. decides to amalgamate into a new company New Ltd. which will take over the asset and liabilities of Jay Ltd. in the term that holder of each share of Rs. 10 in the company.

Would receive one share of Rs. 10 each, Rs. 5 paid up and Rs. 4 in cash. The liquidation expense of Rs. 5,000 is met by New Ltd.

Calculate purchase consideration.

(3×6=18)

SECTION – D

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

19. Filler Ltd. has agreed to acquire goodwill and assets (except investment and bank balance) of Fall Ltd. as at 31st Dec. 2006. The Balance Sheet of Fall Ltd. as on that date is given below :

Liabilities	Amt.	Assets	Amt.
Share capital :			
32,000 equity shares of			
Rs. 10 each	3,20,000	Goodwill	40,000
General reserve	50,000	Land and building	1,60,000
Profit and loss account	36,000	Plant	1,60,000
8% debentures	1,20,000	Investment	60,000
Provision for tax	40,000	Stock	80,000
Sundry creditors	74,000	Debtors	1,00,000
		Bank	40,000
	6,40,000		6,40,000

Filler Ltd. will i) Discharge the debentures at a premium of 8% by the issue of 7% debentures. ii) Issue 3 shares of Filler Ltd. at the market price of Rs. 11 per share for every 2 shares of Fall Ltd. iii) Pay Rs. 2 in cash for each share of Fall Ltd. iv) Pay absorption expense Rs. 6,000. Fall Ltd. sells investment for Rs. 64,000. Filler Ltd. values Land and Buildings at Rs. 2,00,000, Plant at 10% below book value, Stock at Rs. 70,000 and debtors subject to 5% provision.

Show :

- 1) Ledger accounts in the Books of Fall Ltd.
- 2) Journal entries in the books of Filler Ltd. and show its Balance Sheet.



20. The following balances appear in the books of A Ltd. after the preparation of Profit and Loss account for the year ended 31st March 2018.

Paid up share capital (25000 shares of 10 each)	2,50,000
General reserve	50,000
Profit and loss balance	26,000
Profit for current year	64,000
Bank loan	82,000
Bills payable	16,000
Creditors	88,000
Unclaimed dividend	1,000
Land and buildings	91,000
Plant and machinery	29,000
Stock	2,90,000
Cash	11,000
Debtors	1,42,000
Prepaid expense	14,000

The board of directors recommended the following appropriations :

- Transfer to general reserve Rs. 30,000
- Proposed dividend Rs. 25,000
- Provide 10% of proposed dividend for corporate dividend tax.

Authorized capital is 50000 shares of Rs. 10 each. Prepare profit and loss appropriation account and Balance sheet in accordance with Schedule VI of Companies Act.

21. What are the entries given in the books of purchasing company on acquisition of another business ?

(8×2=16)