

II. Assets		
Non-current Assets:		
Fixed Assets	1,25,000	1,00,000
Current Assets	75,000	45,000
4,000 Shares in S. Ltd.	1,00,000	-
Total-	3,00,000	1,45,000

OR iii. What is Consolidated Balance Sheet? Give a Specimen of it. **6**

Q.6 i. Define the meaning of Amalgamation. **2**

ii. Following are the Balance Sheet of P Ltd. and V Ltd. as on 31st March 2018: **8**

Particulars	P Ltd.	V Ltd.
I. Equity & Liabilities		
Shareholders' Funds:		
10% Pref. Shares of Rs. 100 each	-	15000
Equity Shares of Rs. 10 each	90,000	40,000
General Reserve	40,200	20,900
Statutory Reserve	2,700	1,200
Statement of Profit & Loss	7,450	5,150
Non-Current Liabilities		
10% Debentures	-	3,000
Current Liabilities	18,380	9,810
Total-	1,58,730	95,060
II. Assets		
Non-Current Assets:		
Fixed Assets	1,16,500	71,420
Current Assets:	42,230	23,640
Total-	1,58,730	95,060

On 1st April 2018 P Ltd. took over the business of V Ltd. on the following terms:

- P Ltd. will allot 5,000 equity shares of Rs. 10 each at par to the equity shareholders of V Ltd.
- P Ltd. will allot 165 fully paid 10% Pref. Shares of Rs. 100 each to the Pref. Shareholders of V Ltd.
- The debentures of V Ltd. will be converted into an equal number of 10% debentures in P Ltd. of the same denomination. You are required to give necessary journal entries in the books of P Ltd. and V Ltd.

OR iii. Give Journal Entries to be passed in the books of Seller company in case of amalgamation. **8**

Enrollment No.....



Faculty of Management Studies
End Sem (Even) Examination May-2019
MS3CO13 Corporate Accounting

Programme: BBA

Branch/Specialisation: Management

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. When allotment is due then equity share capital account will be **1**
- Debited
 - Credited
 - Never credited
 - None of these
- ii. Payment of redemption of preference shares cannot be made out of from **1**
- General Reserve
 - P & L A/c
 - Share Premium A/c
 - All of these
- iii. What will be the first payment made out of following, as per the sequence of payment of liabilities on liquidation? **1**
- Payment to Shareholders
 - Debentures
 - Unsecured Creditors
 - Preferential Creditors
- iv. If any company doesn't start or close his business within one year from its incorporation, then following winding-up will take place **1**
- Compulsory Winding-Up
 - Members' Voluntary Liquidation
 - Winding-Up by Court
 - Voluntary Liquidation
- v. From the following which is not used to deduct from the Net Profit for the calculation of managerial remuneration **1**
- Donations to charitable funds
 - Remuneration to Directors
 - Interest on unsecured loan and advances
 - Paid Compensation willingly & without any legal pressure
- vi. The treatment of interest on debentures is allocated on the basis of **1**
- Time Ratio
 - Sales Ratio
 - Prior Expense
 - Post Expenses
- vii. The shares which is not taken over by the holding company, are **1**
- Shareholders
 - Minority Shareholders
 - Debenture Holders
 - Preferential Share Holders

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- viii. For the calculation of Value of Equity or Goodwill, the share of holding company in loss on revaluation will be **1**
 (a) Deducted (b) Added
 (c) Not taken into consideration (d) None of these
- ix. Realisation Account is prepared in the books of **1**
 (a) Purchaser Co. (b) Holding Co. (c) Seller Co. (d) None of these
- x. From the following which is not considered for the determination of purchase price **1**
 (a) Takeover assets & liabilities (b) Preliminary Expenses
 (c) Compensation Fund (d) Both (b) and (c)

- Q.2 i. What do you mean by Shares Issued at Discount? **2**
 ii. X Ltd. issued 500 equity shares of Rs. 10 each payable as under. Rs. 2 on application, Rs. 2 on allotment, Rs. 3 on first call and Rs. 3 on second & final call. Suresh who holds 100 shares failed to pay first and second call money and Sharad, who holds 50 shares failed to pay only second call. These shares were forfeited on account of non-payment and re-issued at a discount of 2%. Pass the necessary Journal Entries with narrations in the books of X Ltd. **8**
- OR iii. A Ltd. issued 8,000 equity shares of Rs. 10 each Payable Rs. 1 on application, Rs. 3 on allotment, Rs. 2 on first call and the balance on final call. But Ranu, who holds 100 equity shares, did not pay first and final call amount on these shares and subhash, who holds 60 shares did not pay final call amount. All other amounts were duly received. Pass the necessary Journal Entries in the books of A Ltd. **8**

- Q.3 i. What do you mean by Compulsory Winding-Up of a Company under liquidation? **3**
 ii. A Company went into voluntary liquidation. Rs. 3,50,000 were received from its assets. It does not include that amount which is received by selling those securities which are with fully secured creditors. Following was the position:
 Share Capital: 1,000 Shares of Rs. 100 each 1,00,000
 Fully Secured Creditors (Rs.40,000 received on securities) 35,000
 Preferential Creditors 6,000
 Unsecured Creditors 1,40,000
 Debenture Holders having floating rights on assets 2,50,000
 Liquidation Expenses 5,000
 Liquidator's Remuneration 7,500
 Prepare the Final Statement of Account of Liquidator. **7**
- OR iii. How Liquidator's Remuneration is calculated? Explain with example. **7**

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- Q.4 i. What do you understand by Profit or Loss prior or after incorporation? **2**
 ii. A Ltd. was incorporated on 1st May 2018 to purchase the running business of X Ltd. from 1st January 2018: **8**

To Rent & Taxes	12,000	By Gross Profit	1,55,000
To Insurance	3,000		
To Elec. Charges	2,400		
To Salaries	36,000		
To Directors Fees	4,600		
To Commission	6,000		
To Advertisement	4,000		
To Discount	3,500		
To Office Expenses	7,500		
To Carriage	3,000		
To Bank Charges	1,500		
To Preliminary Expenses	6,500		
To Bad Debts	2,000		
To Interest on Loan	3,000		
To Net Profit	60,000		
	1,55,000		1,55,000

Total sales for the year ending 31st December 2018 were of Rs. 5,00,000 out of which sales of Rs. 1,50,000 were for the period from 1st January 2018 to 1st May 2018 and sales Rs. 3,50,000 were for the remaining period. Find out profit prior to incorporation to and subsequent to incorporation of A Ltd.

- OR iii. Give Specimen of Company's Balance Sheet according to the Companies Act. **8**
- Q.5 i. Describe the meaning of Holding Company? Give any three advantages of holding company. **4**
 ii. D. Ltd. acquired all the shares of S. Ltd. at a cost of Rs. 1,00,000 on 31st March 2018. Prepare a Consolidated Balance Sheet. The Balance Sheets of both the companies as on that date were as follows: **6**

Particulars	D Ltd.	S Ltd.
I. Equity & Liabilities		
Shareholders' Funds:		
Share Capital (Rs. 10 per Share)	1,20,000	40,000
Reserve and Surplus:		
Reserve	80,000	30,000
Statement of P.& L.- Surplus	50,000	15,000
Current Liabilities		
Trade Payables	50,000	60,000
Total-	3,00,000	1,45,000

Marking Scheme
MS3CO13 Corporate Accounting

Q.1	i.	When allotment is due then equity share capital account will be	1
		(b) Credited	
	ii.	Payment of redemption of preference shares cannot be made out of from	1
		(c) Share Premium A/c	
	iii.	What will be the first payment made out of following, as per the sequence of payment of liabilities on liquidation?	1
		(b) Debentures	
	iv.	If any company doesn't start or close his business within one year from its incorporation, then following winding-up will take place	1
		(a) Compulsory Winding-Up	
	v.	From the following which is not used to deduct from the Net Profit for the calculation of managerial remuneration	1
		(d) Paid Compensation willingly & without any legal pressure	
	vi.	The treatment of interest on debentures is allocated on the basis of	1
		(d) Post Expenses	
	vii.	The shares which is not taken over by the holding company, are	1
		(b) Minority Shareholders	
	viii.	For the calculation of Value of Equity or Goodwill, the share of holding company in loss on revaluation will be	1
		(a) Deducted	
	ix.	Realisation Account is prepared in the books of	1
		(c) Seller Co.	
	x.	From the following which is not considered for the determination of purchase price	1
		(d) Both (b) and (c)	
Q.2	i.	Meaning of Shares Issued at Discount	2
	ii.	Pass the necessary Journal Entries with narrations in the books of X Ltd.	8
		0.5 mark for each entry (0.5 mark * 16)	
OR	iii.	Pass the necessary Journal Entries in the books of A Ltd.	8
		1 mark for each entry (1 mark * 8)	
Q.3	i.	Meaning of Compulsory Winding-Up of a Company under liquidation	3
	ii.	Prepare the Final Statement of Account of Liquidator.	7
OR	iii.	Calculation of Liquidator's Remuneration	7
		Three ways 2 marks for each (2 marks * 3)	6 marks
		Example	1 mark

Q.4	i.	Meaning of Profit or Loss prior or after incorporation	2
	ii.	Find out profit prior to incorporation to and subsequent to incorporation of A Ltd.	8
		6 marks	
		Practical proportionate marking	
		Ratio Analysis	2 marks
OR	iii.	Specimen of Company's Balance Sheet with proper heading, items, columns	8
Q.5	i.	Meaning of Holding Company	1 mark
		Any three advantages of holding company	4
		1 mark for each (1 mark * 3)	3 marks
	ii.	Prepare a Consolidated Balance Sheet.	6
		Practical proportionate marking	
		Calculation of goodwill	2 marks
		Capital reserve	4 marks
OR	iii.	What is Consolidated Balance Sheet? Give a Specimen of it.	6
Q.6	i.	Meaning of Amalgamation.	2
	ii.	Journal entries	8
		For every entry 0.5 mark with proper narration (0.5 mark * 16)	
OR	iii.	Journal Entries to be passed in the books of Seller company in case of amalgamation.	8
		For every entry 1 mark with proper narration (1 mark * 8)	
