

COURSE: B.COM (H)

SEMESTER: II

PAPER- CORPORATE ACCOUNTING

QUESTION BANK

Q1. Distinguish between amalgamation in the nature of merger and amalgamation in the nature of purchase.

Q 2. A Ltd, acquires the business BC Ltd. whose balance sheet as at 31st March,2020 is as under:

Particulars	Note no.	Rs.
I EQUITY AND LIABILITIES		
(1)Shareholders' Funds		
(a) Share Capital	1	14,00,000
(b) Reserves and Surplus	2	3,90,000
(2)Non-Current Liabilities		
Long-term Borrowings (8% Debentures)		2,50,000
(3)Current Liabilities		
(a)Trade Payables		1,50,000
(b) Other Current Liabilities (Interest accrued and due on debentured)		10,000
Total		22,00,000
II ASSETS		
(1)Non-current Assets		
(a) Property ,Plant and Equipment: Tangible Assets	3	14,00,000
(b) Intangible Assets	4	3,00,000
(c) Other Non-Current Assets(Share Issue Expense)		24,000
(2)Current Assets		
(a)Inventories (Stock)		2,00,000
(b)Trade Receivables		2,50,000
(c) Cash and Cash Equivalents (cash at bank)		20,000
(d)Other current Assets (Share issue expenses)		6,000
Total		22,00,000

Notes to Accounts

Particulars	Rs	Rs
1. Share Capital		
1,00,000 equity shares of Rs10 each fully paid up	10,00,000	
4,000 9%Preference shares of Rs100 each fully paid up	4,00,000	14,00,000
2. Reserves and surplus		
Capital Reserve	2,00,000	
General Reserve	1,00,000	
Workmen Compensation Reserve(expected liability Rs10000)	40,000	
Surplus in the statement of Profit and Loss	50,000	3,90,000
3. Tangible Assets		
Land and Buildings	6,00,000	
Plant and Machinery	8,00,000	14,00,000
4. Intangible Assets		
Goodwill	2,00,000	
Patents	1,00,000	3,00,000

A Ltd to take over all assets (except cash) and liabilities (except for interest due on debentures) and to pay following amounts:

(i)Rs 2,50,000 9% Debenture of Rs100 each in A Ltd for the existing debentures in BC Ltd; for the purpose, each debenture of A Ltd. is to be treated as worth Rs105.

(ii)For each preference share in BC Ltd Rs10 in cash and one 10%Preference shares of Rs100 each in A Ltd.

(iii)For each equity share in BC Ltd Rs 2 in cash and one equity share in A Ltd of Rs.10 each at the market value of Rs.15 each.

(iv)Expenses of liquidation of BC Ltd. are to be reimbursed by A Ltd. to the extent of Rs15000. Actual Expenses amounted to 25,000.

A Ltd. valued Land And Buildings at Rs10,00,000 , Plant and Machinery at 6,00,000 and patents at Rs60,000.

You are required to pass journal entries to close the books of BC Ltd. and pass acquisition entries in the books of A Ltd.

Q3.The directors of XYZ Ltd invited applications for 200000 equity shares of Rs 10 each to be issued at 20% premium. The money payable on issue of shares is as

follows: on application Rs 5, on allotment Rs 4(including premium of Rs 2), first call Rs 2 and final call Rs 1.

Applications were received for 240000 shares and allotment was made as follows:

- To applicants for 100000 shares- in full
- To applicants for 80000 shares -60000 shares and
- To applicants for 60000 shares –40000 shares
- Applicants for 1000 shares falling in category (1) and applicants for 1200 shares falling in category (2) failed to pay allotment money. These shares were forfeited on failing to pay the first call. Holders of 1200 shares falling in category (3) failed to pay the first and final call and these shares were forfeited after final call.

1000 shares of category (1) and 300 shares of category (2) were reissued at Rs 8 per share as fully paid. Prepare cash book and general journal.

Q4.The following balances appeared in the books of a company on 1st april, 2015:

12% Debenture	Rs 400000
Debenture sinking Fund	Rs 300000
Debenture Sinking Fund Investment	Rs 300000

(Represented by 10% Rs 360000 secured bonds of Government of India)

Annual contribution to sinking fund was Rs 64000 made on 31st March each year. On 31st March, 2016 balance at bank was Rs 200000 after receipt of interest. The company sold the investments at 80% and debentures were paid off. You are required to prepare the following accounts for the year ended 31st March, 2016: Debenture account, Debenture sinking Fund Account, Debenture Sinking Fund Investment Account and Bank Account.

Q5.The Ledger balances of X ltd as on 31st March ,2015 are:

Fixed Assets Rs 700000, Investments Rs 10000, stock and debtor Rs 8,20,000, cash in hand 30,000, preliminary Expenses Rs 20,000 Equity Shares Capital (60% paid) Rs 6,00,000, 10%

First Debentures Rs 200,000 ,12% Second Debentures Rs 500000, Bank overdraft Rs 50000. Trade creditors (including Y for Rs 8,50,000) Rs 11,50,000, Outstanding interest for one year on both types of debentures Rs 80,000. Due to heavy losses, the following schemes of reconstruction are agreed:

- To make the existing Rs 100 equity shares fully paid up and then to reduce them to Rs 20 each.

- To settle the claim of first debenture holders by issuing Rs 2000, 13.5% debentures of Rs 100 each.
- To discharge the claims of the second debenture holders by issuing 15% 4,000 debentures of Rs 100 each.
- To pay Rs 3,00,000 to Mr Y in full settlement of his account.
- To allot 15000 fresh equity shares of Rs 20 each to discharge the remaining trade creditors.
- Market value of investments is Rs 20,000 and stock is to be increased by Rs 10,000.
- Cost of reconstruction Rs 10,000
- To write off the fictitious assets and to reduce the fixed assets by Rs 5,00,000 effect to the above scheme of reconstruction

Prepare summarized Balance Sheet before reconstruction and pass the necessary journal entries and also open Reconstruction Account.

Q6.Explain legal provisions relating to dividends as per the companies Act, 2013?

Q7.Explain the issue of sweat equity shares and its accounting treatment.

Q8.Explain Internal Reconstruction through surrender of Shares.

Q9.A V Ltd gives you the following information for the year ended 31st March, 2016:

- Sales for the year totaled Rs 96,00,000. The company sells goods for cash
- Cost of goods sold was 60% of sales. Closing inventory was higher than the opening inventory by Rs 43,000. Trade creditors on 31st March, 2016 exceeded those on 31st March, 2015 by Rs 23,000
- Net profit before tax was Rs 13,80,000. Tax paid amounted to Rs 7,00,000. Depreciation on fixed assets for the year was Rs 3,15,000 whereas other expenses totaled Rs 21,45,000. Outstanding expenses on 31st March, 2015 and 31st March, 2016 totalled Rs 82,000 and Rs 91,000 respectively.
- New machinery and furniture costing Rs 10,27,500 in all were purchased.
- A right issue was made of Rs 2000 equity shares of Rs 250 each at a premium of Rs 75 per share. The entire money was received along with applications
- Dividends and corporate dividend tax totaling Rs 4,07,000 were paid.

•Cash in hand and at bank as 31st march, 2015 totaled Rs 2,13,800. Prepare a cash Flow Statement of AV ltd for the year ended 31st March,2016.

Q10.Distinguish between a performing and non performing assets. When an asset is treated as non performing assets? Explain. Also explain the categories of non – performing assets.

Q.11 Differentiate between Authorised Capital and Paid up Capital.

Q.12. Write a note on process of Book Building process.

Q.13. Explain SEBI regulations for Rights Issues.

Q.14.Explain the provision of the Companies Act,2013 regarding issue of bonus shares.

Q.15. State whether following statements are true or false:

a) Securities Premium cannot be used to make partly paid-up shares fully paid up.

b) Capital Redemption Reserve can be used only for issue of bonus shares.