



K16U 0666

Reg. No. :

Name :

IV Semester B.B.A. Degree (CBCSS – 2014 Admn.-Regular)
Examination, May 2016
Core Course
4B08 BBA : CORPORATE ACCOUNTING

Time : 3 Hours

Max. Marks : 40

PART – A

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

1. What is divisible profit ?
2. What do you mean by dividend ?
3. What is purchase consideration ?
4. What is external reconstruction ?

(4x $\frac{1}{2}$ = 2 Marks)

PART – B

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

5. What is capital reduction account ?
6. What is proposed dividend ?
7. What do you mean by sub division of shares ?
8. How will you ascertain the intrinsic value of shares ?
9. How are the accumulated losses in the vendor company treated ?
10. Define the term amalgamation.

(4x1 = 4 Marks)

PART – C

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

11. What is P & L appropriation account ?
12. Under what circumstances the reconstruction is undertaken ?

P.T.O.



13. What is CDT ?
14. Differentiate between reserve and provision.
15. What is contingent liability ? Give examples.
16. What is profit prior to incorporation ?
17. Following is the Balance Sheet of X Ltd. as on 31-12-2013

Liabilities	Amount
Share capital :	
80,000 Equity shares of Rs. 10	8,00,000
General reserve	1,60,000
P & L A/c	1,40,000
10 % debentures	3,00,000
Creditors	75,000
B/P	25,000
	<u>15,00,000</u>
Assets	Amount
Goodwill	3,00,000
Land and Buildings	2,60,000
Plant and Machinery	1,75,000
Investments	1,00,000
Stock	2,75,000
Debtors	90,000
Bank	60,000
Preliminary expenses	2,40,000
	<u>15,00,000</u>

Y Ltd. takes over all assets and liabilities of the above company. For this purpose, the assets and liabilities are revalued as follows :

Land and Buildings Rs. 3,00,000, Plant and Machinery 10 % less than book values, investments at Rs. 1,35,000, Creditors are taken over at Rs. 70,000, Goodwill is valued at Rs. 4,00,000. Calculate purchase consideration.



18. A company resolved the following :

- 1) To reduce its 40,000, 12 % preference shares of Rs: 10 each, to an equal number of 15 % preference shares of Rs. 8 each
- 2) To reduce 50,000 equity shares of Rs.10 each, to an equal number of shares of Rs. 6 each
- 3) To reduce 12 % debentures of Rs. 5,00,000 to 14 % debentures of Rs. 4,00,000
- 4) To write off P & L (Dr.) balance Rs. 1,00,000 ; Goodwill Rs. 80,000; Plant by Rs. 1,00,000; to write down Machinery by Rs. 70,000 and Stock by Rs. 20,000.

Give Journal Entries.

(6x3= 18 Marks)

PART – D

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

19. Following is the Trial Balance of X Ltd. as on 31st March 2014.

Debit Balance	Rs.	Credit Balance	Rs.
Cash in hand	30,000	Creditors	1,00,000
Land and Buildings	3,00,000	Sales	3,70,000
Opening stock	32,000	Interest	5,000
Bank balance	1,00,000	General reserve	1,25,000
Investments	2,00,000	P & L A/c	1,00,000
Purchases	1,22,000	Share capital	5,00,000
Wages	18,000		
Salaries	82,000		
Office expenses	10,000		
Rent and Taxes	12,000		
Goodwill	2,60,000		
Sundry Debtors	34,000		
	12,00,000		12,00,000

Additional information :

- 1) Closing stock Rs. 1,26,000
- 2) Provide depreciation on Land and Buildings @ 10 %
- 3) Interest accrued Rs. 5,000
- 4) Provision for taxation Rs. 50,000
- 5) Directors recommend a dividend of 10 % on equity shares.
- 6) Ignore Corporate Dividend Tax.

Prepare Final Accounts.



20. A Ltd. and B Ltd. doing the same type of business agree to amalgamate as from 1st January 2013 on which date their respective Balance Sheet were as follows :

Liabilities	A	B	Assets	A	B
Share capital :					
Shares of Rs. 10 each	2,00,000	3,00,000	Land & Building	2,00,000	2,50,000
Reserve	30,000	20,000	Machineries	50,000	40,000
Creditors	2,20,000	1,80,000	Stock	1,20,000	1,30,000
			Debtors	60,000	40,000
			Cash	20,000	40,000
	4,50,000	5,00,000		4,50,000	5,00,000

A new company, AB Ltd. is formed with an authorised capital of Rs. 10,00,000 divided into shares of Rs. 10 each to acquire the business (all assets and liabilities of both A Ltd. and B Ltd.

The purchase consideration is agreed at Rs. 3,00,000 for A Ltd. and Rs. 3,50,000 for B Ltd. payable in fully paid up shares of AB Ltd.

The Land and Buildings of A Ltd. are valued at Rs. 2,20,000 and that of B Ltd. at Rs. 2,60,000.

Give opening entries in the books of AB Ltd. and prepare their opening Balance Sheet.

21. Explain different methods for calculating purchase consideration. (2×8=16 Marks)
