

ST. JOSEPH'S COLLEGE (AUTONOMOUS) BENGALURU-27

MID SEMESTER EXAMINATION

B.COM - III SEMESTER

BC3116: CORPORATE ACCOUNTING

13.8.2018

TIME: 1 Hour

MAX. MARKS: 30 Marks

SECTION A

I. Answer any FIVE of the following questions.

(5x2=10)

1. What are Preference shares?
2. Why and when is Capital Redemption reserve account created?
3. What is surrender of shares?
4. A company has 50,000 equity shares of Rs.5 each fully paid. Pass journal entry to consolidate the equity shares of Rs.5 each into shares of Rs.10 each.
5. Distinguish between 'Internal' and 'External' reconstruction.
6. Mention any 2 reasons for amalgamation of companies.
7. Total Purchase consideration is Rs.3, 00,000 which is to be discharged by issue of 20,000 equity shares of Rs.10 each and balance in cash. Calculate Purchase consideration.

SECTION B

II. Answer any TWO of the following questions.

(2x5=10)

8. Differentiate between Amalgamation in the nature of merger and Amalgamation in the nature of purchase.
9. Balance sheet of Y Ltd as on March 31, 2017.

Liabilities	Amount
Share Capital:	20,00,000
• Issued, subscribed and fully paid up 20,000 Equity shares of Rs. 100 each	
• 6,000 Preference shares of Rs. 100 each	6,00,000
Share premium a/c	1,00,000
General reserves	2,00,000
Creditors	1,00,000
Total	30,00,000
Assets	Amount
Fixed assets	22,00,000
Current assets	8,00,000
Total	30,00,000

The preference shares are to be redeemed at 10% premium. Fresh issue of Equity shares are to be made to the extent required under companies act for the purpose of this redemption. Pass Journal entries.

10. A Ltd, had 10,000 equity shares of Rs.100 each. The following scheme of reconstruction was proposed by the directors of the co and has been agreed by all interested parties:
- The equity shares are to be sub divided into shares of Rs.50 each and 60% of the shares are to be surrendered.
 - The debenture holders' claim was reduced by 50,000 and balance shall be paid by issuing 8% preference shares of Rs.10 each from the shares surrendered. Total claim is Rs.1, 50,000.
 - The claim of the Creditors shall be reduced by Rs.40, 000 (total creditors 1, 00,000) and balance shall be settled by issue of equity shares from the shares surrendered.
 - P& L a/c debit balance was Rs.2, 00,000, Provision for doubtful debts is to be created at Rs.1, 00,000 and Depreciation on machinery is Rs.90, 000.

SECTION C

III. Answer the following compulsory question.

(1x10=10)

11. The following is the Balance sheet of Greeshma Ltd., as on 31.03.2017

Liabilities	Rs.
19,000 shares of Rs.100 each	19,00,000
Creditors	1,00,000
8% Debentures	1,00,000
Total	21,00,000
Assets	Rs.
Land and building	1,00,000
Machinery	2,60,000
Furniture	20,000
Stock	3,70,000
Debtors	1,80,000
Goodwill	2,00,000
Profit & Loss A/c	9,70,000
Total	21,00,000

The company is to be reconstructed as follows:

- Shares of Rs.100 are to be reduced to an equal number of fully paid shares of Rs.40 each.
- To issue 1,000 new shares of Rs.40 each as fully paid up to the debenture holders in full settlement.
- The amount available is to utilized in writing off the goodwill and P&L A/c and the balance in writing down the value of machinery.
- The authorized capital of the company is 20,000 shares of Rs.100 each.

Give the necessary journal entries. Prepare Capital Reduction A/c and Reconstructed Balance sheet.