

SECOND SEMESTER UG DEGREE EXAMINATION, APRIL 2024**(Regular/Improvement/Supplementary)****B. Com HONOURS****GBCH2B08T: CORPORATE ACCOUNTING – 1****Time: 3 Hours****Maximum Marks: 80****PART A: Answer *all* the questions. Each carries *one* mark.****Choose the correct answer.**

1. The number of days required from time of issue of prospectus to complete allotment should not exceed
- A) 30 days. B) 60 days. C) 90 days. D) 120 days.
2. If the purchase price includes interest for the period from previous date of interest to date of purchase, it is called.....
- A) Ex-interest price. B) Cum-interest price.
- C) Nominal price. D) None of these.
3. Post-acquisition profit in subsidiary company is considered as
- A) Revenue profit. B) Goodwill. C) Capital profit. D) None of these.
4. When shares are forfeited the share capital account is debited by
- A) Paid up amount. B) Called up amount.
- C) Calls in arrears. D) Nominal value of share.
5. A charge created on specific asset is called
- A) General charge. B) Fixed charge.
- C) Floating charge. D) Current charge.

Fill in the Blanks.

6. Goodwill is also called as in holding company accounts.
7. The profit on reissue of forfeited shares is transferred to
8. In balance sheet, discount or loss on issue of debenture is shown under
9. If parent owns all of the voting stock of another company, that company is called
10. The maximum amount that can be collected as premium as a percentage of face value is

(10 x 1 = 10 Marks)**(PTO)**

PART B: Answer any *eight* questions. Each carries *two* marks.

11. What do you mean by reserve capital?
12. What do you understand by value of right?
13. Comment on naked debentures.
14. Define subsidiary company.
15. What is meant by over subscription of shares?
16. Give the accounting entry for issue of debentures at premium and redeemed at par.
17. What do you mean by minority interest?
18. How can you differentiate between debenture and bond?
19. What do you mean by ex-interest quotation?
20. What is meant by redemption of debentures by conversion?

(8 x 2 = 16 Marks)

PART C: Answer any *six* questions. Each carries *four* marks.

21. What are the advantages and disadvantages of holding companies?
22. How to determine the minority interest in holding company accounts?
23. Write a short note on provisions under AS 21.
24. Ameen Ltd. forfeited 100 shares of ₹10 each, issued at premium of ₹1 per share to Mr. Anil who had applied for 150 shares, for nonpayment of allotment money of ₹4 per share (including premium) and the first and final call of ₹5 per share. Give journal entries assuming that the company follows the policy of adjusting excess application money towards remaining amount due.
25. Kairali Ltd. issued 1000, 8% debentures of ₹100 each. Write journal entries when debentures are issued (a) at par, (b) at 20% premium, and (c) at 10% discount. Assume the amount is collected in lump sum.
26. Global Ltd. had issued 50,000 debentures of ₹100 each at par redeemable at 20% premium. The company purchased 5,000 debentures from the open market for immediate cancellation at ₹100 each just after due date of debenture interest. Pass journal entries for purchase of own debentures for immediate cancellation.
27. Monisha Ltd. issued 2,00,000 equity shares of ₹10 each. It wanted to buy back 30,000 equity shares at par. It issued 3,000, 6% preference shares of ₹100 each, the proceeds being utilised for the purpose of buy back. Expenses relating to buy back amounted to ₹18,000. Give journal entries.
28. Jay Ltd. redeemed 4,000, 8% debentures of ₹100 each by converting them into shares of ₹10 each at a premium of ₹2.50 per share. The company also redeemed 600 debentures by utilizing ₹60,000 out of profit. Pass journal entries.

(6 x 4 = 24 Marks)

PART D: Answer any two questions. Each carries fifteen marks.

29. Write a note on IFRS and Indian Accounting Standards.

30. The following is the balance sheet of Bismi Ltd. as on 31st March 2023.

Balance sheet of Bismi Ltd. as on 31st March 2023

Particulars	Notes to Accounts	Amount (₹)
A. Equity & Liabilities:		
1. Equity		
a. 8% Preference share capital		2,50,000
b. Equity share capital		6,00,000
c. Reserves & Surplus:		
Securities premium reserve		1,25,000
General reserve		2,25,000
Statement of Profit or Loss (Surplus)		90,000
2. Non-current liabilities		
8% Debentures		1,75,000
3. Current liabilities		
Sundry creditors		1,10,000
Total Equity & Liabilities		15,75,000
B. Assets:		
1. Non-current assets		
Fixed assets	11,25,000	
Less: Depreciation	<u>1,25,000</u>	10,00,000
Investments		1,25,000
2. Current assets		
Other than cash & bank		3,75,000
Cash & bank		75,000
Total Assets		15,75,000

On 1st April 2023, the company decided to buy back 25% of its equity shares at ₹14 per share. To meet the cash requirements, the company made the following arrangements:

- To issue ₹50,000, 8% preference shares at par.
- To sell investments at 98%.

The issue was fully subscribed and investments realized. Write journal entries and prepare the balance sheet after buy back.

(PTO)

31. Arya Ltd. issued 10,000 equity shares of ₹10 each at a premium of ₹ 2 per share – payable ₹2 per share on application, ₹4 (including premium) on allotment, ₹ 3 on first call and ₹3 on second and final call. Subscription was received for 11,000 shares and directors while making allotment adjusted the excess received on application to allotment money due in respect of 500 shares.

Three months after the date of allotment the first call was made. The company received all moneys due except in the case of a holder of 200 shares from whom nothing other than application money was received and in respect of another holder of 100 shares in whose case the call money became overdue. The directors after giving proper notice forfeited the defaulting shares and reissued them to a shareholder for a consideration of ₹ 2000 duly received. Show journal entries (including cash transactions) in respect of forfeiture and reissue and the relevant ledger amounts in the books of the company.

(2 x 15 = 30 Marks)