

Term End External Examination 4th Semester (Session- July 2024)

Subject: Commerce

Course No and Title: COMC1422M1/Corporate Accounting-I

Time: 2.15 hours Max Marks:100 Min. Marks:40

Section A: Objective Type Questions

Q1. Choose the appropriate Answer: (8x1.5=12)

- i. In the balance sheet of a company, debentures are shown under the head:
 - A Unsecured loan
 - B Secured loan
 - C Current liabilities
 - D None of these
- ii. Right shares are first offered to:
 - A Creditors
 - B New Shareholders
 - C Existing Shareholders
 - D Employees of the Company
- iii. As per the schedule III of companies act 2013, the balance sheet of a company is required to be presented in:
 - A Vertical format
 - B Horizontal format
 - C Both a & b
 - D None of the above
- iv. Cash receipt received from the sale of fixed assets are recorded under the head:
 - A Financing activities
 - B Investing activities
 - C Operating activities
 - D other activities
- v. Accounting standard of amalgamation is:
 - A AS-4
 - B AS-13
 - C As-1
 - D AS-14
- vi. Pooling of interest method is applicable for amalgamation in the nature of:
 - A Sale
 - B consolidation
 - C Merger
 - D Reconstruction
- vii. Liquidators' statement of receipts and payments is known as:
 - A Cash account
 - B Cash flow statement
 - C Statement of expenses
 - D Liquidators' final statement of account
- viii. Preferential creditor are shown in the statement of affairs under:
 - A List C
 - B List B
 - C List A
 - D All of the above

Section-B: Descriptive Type Questions (Short Type)

Q2: Answer all the Questions (8 x 4 =32)

- i. Explain the features of preference shares.
- ii. What are bonus shares?

- iii. Briefly explain the provisions for disposal of company profit.
- iv. Discuss the limitations of cash flow statement.
- v. List any two objectives of amalgamation.
- vi. Explain the term purchase consideration.
- vii. State the various types of preferential creditors in the event of the company's winding up.
- viii. What is the role of liquidator under Companies Act 2013?

Section – C: Descriptive Type Questions (Medium Type)

Answer all the questions: (4 x 7=28)

Q 3. Discuss the steps involved in the book building process.

OR

New Co. Ltd. invited applications for 10,000 shares of ₹10 each payable as: on application ₹2; on allotment ₹3; on first call ₹ 3 and on final call ₹2. Applications were received on all the shares and all of these were accepted. All moneys due were received except final call money on 100 shares which were forfeited. All the forfeited shares were reissued to Mr. Junaid @ ₹9 each fully paid up. Show the journal entries and cash book entries in the books of New Co. Ltd.

Q 4. Prepare balance sheet of Morgan Ltd. from the following ledger balances as on 31-03-2024:

Particulars	Amount ₹
Equity share capital	5,00,000
Plant & Machinery	6,00,000
Preference Share capital	4,00,000
Freehold property	3,00,000
Goodwill	1,00,000
Debentures	4,00,000
Sundry debtors	1,40,000
Closing Stock	2,00,000
Bank overdraft	60,000
Sundry creditors	60,000
Cost of issue of shares	40,000
Unclaimed dividend	50,000
Advertisement suspense	90,000

OR

Differentiate between a trial balance and final accounts in terms of their content and purpose.

Q 5. Differentiate between pooling of interest method and purchase method

OR

Alpha Ltd. having share capital of ₹50,00,000 divided into equity shares of ₹10 each was taken over by Delta Ltd. Alpha Ltd. has general reserve of ₹12,00,000 and profit & loss account (cr.) ₹ 5,00,000. Delta Ltd. issued 12 equity shares of ₹10 each for every 10 shares of Alpha Ltd. Pass the necessary journal entries in the books of Delta Ltd. for the shares issued under the Pooling of Interest Method of amalgamation.

Q6. Discuss the various modes of winding up of a company

OR

Sky Ltd went into liquidation on 31-03-2024 with the following liabilities:

- a) Secured Creditors ₹ 2,00,000 (securities realized ₹ 2,50,000)
- b) Preferential creditors ₹ 6,000
- c) Unsecured Creditors ₹ 3,05,000

The liquidator met liquidation expenses amount to ₹ 2,520. The liquidator entitled for remuneration @ 3 % on amount realized including secured asset held by secured creditors and 1.5 % on amount distributed to unsecured creditors. Assets (other than secured asset realized) ₹ 2, 60,000. Prepare Liquidators Final statement of Account.

Section – D: Descriptive Type Questions (Long Type)

Answer any two of the following:

(2 x 14=28)

- Q 7. A company has issued 50,000, 8% debentures of ₹10 each at a premium of 30% payable as ₹6 on application ₹7 on allotment (including premium). All the debentures were subscribed for and money was duly received. Pass journal entries and show, how the amounts will appear in the balance sheet.
- Q 8. What is a cash flow statement? Prepare a proforma of a cash flow statement for a hypothetical company using any method of your choice with imaginary figures.
- Q 9. Discuss amalgamation and its types? How does amalgamation differ from absorption?

Q 10.

Armco Ltd
Balance Sheet
As on 31st March, 2023

Liabilities	₹	Assets	₹
Share Capital: 1,000, 6% Preference shares of ₹ 100 each fully paid	1,00,000	Fixed Assets: Machinery	1,70,000
2,000, equity shares of ₹ 100 each fully paid	2,00,000	Furniture	30,000
2,000, equity shares of ₹ 100 each, ₹ 75 paid	1,50,000	Current Assets: Stock	1,40,000
Bank loan (secured on stock)	1,00,000	Debtors	2,20,000
Current Liabilities and Provision: Creditors	3,50,000	Cash at bank	50,000
Income tax Payable	10,000	Miscellaneous Expenditure: Profit & Loss A/c	3,00,000
	9,10,000		9,10,000

The company went into liquidation on 1st April 2023. The assets were realized as follows:

Machinery	₹ 1,66,000
Furniture	₹ 8,000
Stock	₹ 1,10,000
Debtors	₹ 2,30,000
Liquidation expenses amounted to	₹ 4,000

The liquidators are entitled to a commission at 2% on amount paid to unsecured creditors excluding preferential creditors. Calls on partly paid shares were made but the amounts due on 200 shares were found to be irrecoverable. Prepare Liquidators' Statement of Account

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