



K24U 0947

Reg. No. :

Name :

IV Semester B.B.A. Degree (CBCSS – Supplementary/One Time Mercy Chance)
Examination, April 2024

(2014 to 2018 Admissions)

Core Course

4B08BBA : CORPORATE ACCOUNTING

Time : 3 Hours

Max. Marks : 40

SECTION – A

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

(4× $\frac{1}{2}$ =2)

1. What is Purchase Consideration ?
2. What are Direct Expenses ?
3. What are Debentures ?
4. What is Internal Reconstruction ?

SECTION – B

Answer **any 4** questions. **Each** question carries 1 mark.

(4×1=4)

5. What are intangible assets ?
6. What are Current Assets ?
7. What is Depreciation ?
8. What is Trial Balance ?
9. What is Absorption ?
10. What is alteration of capital ?

SECTION – C

Answer **any 6** questions. **Each** question carries 3 marks.

(6×3=18)

11. What is Amalgamation ? Distinguish amalgamation from absorption.
12. The following is the Balance Sheet of X Ltd. as on the date of its acquisition by Y Ltd.

Liabilities	Amt. (Rs.)	Assets	Amt. (Rs.)
Share capital	10,00,000	Goodwill	3,00,000
Reserve fund	3,00,000	Land and Buildings	5,00,000
Creditors	4,00,000	Machinery	4,00,000

P.T.O.



Employees P.F.	1,00,000	Stock	2,00,000
		Debtors	3,50,000
		Cash	50,000
	18,00,000		18,00,000

On acquisition, goodwill is valued at Rs. 4,50,000, Land and building at Rs. 6,00,000 and Stock at Rs. 1,80,000. All Assets and Liabilities are taken over. Calculate the amount of purchase consideration.

13. Following is some information from the Balance Sheet of AB Ltd.

8% preference shares of Rs. 10 each Rs. 50,000

Equity shares of Rs. 10 each Rs. 2,50,000

6% debentures of Rs. 100 each Rs. 20,000

The capital reduction scheme, approved by the court is as under.

- 1) Holders of 6% debentures of Rs. 100 are to be given 8% debentures of Rs. 50 and preference shares of Rs. 10 each of equal amount, for the remaining amount of Rs. 50.
- 2) The value of all preference shares including the preference shares given to Debenture holders as shown above, is to be reduced to Rs. 6 and dividend rate is to be increased upto 9%.
- 3) The value of equity shares is to be reduced to Rs. 2.

Pass necessary Journal Entries in the books of the company to record the above transactions.

14. S, D and B are partners in a firm, sharing profits and losses in the ratio of 3 : 2 : 1, respectively. The Balance Sheet of the firm as on 31st December 2018 is given.

Liabilities	Rs.	Assets	Rs.
Sundry creditors	30,000	Plant and equipment	60,000
Capital accounts:		Debtors	50,000
S	60,000	Bills Receivable	8,000
D	40,000	Stock	25,000
B	20,000	Cash at bank	5,000
	1,20,000	Cash in hand	2,000
	1,50,000		1,50,000

The partners agree to sell the business to a limited company which was incorporated with 65,000 shares of Rs. 10 each. The purchasing company agrees to take over the assets and liabilities and discharge the purchase consideration by the issue of 8,250 shares of Rs. 10 each and cash Rs. 56,000.

The cost of dissolution Rs. 2,500 is paid by the firm and balance amount of cash is distributed among the partners. You are asked to prepare Journal Entries in the books of the firm.



15. The following is the Balance Sheet of HR Ltd. as on 31st Dec. 2021.

Liabilities	Amt. (Rs.)	Assets	Amt. (Rs.)
Paid-up capital		Fixed Assets :	
200000 equity shares of		Goodwill	5,00,000
Rs. 10 each	20,00,000	Plant and Machinery	17,00,000
Creditors	15,00,000	Current Assets :	
		Stock	8,00,000
		Debtors	3,00,000
		Cash in hand	10,000
		Profit and Loss A/c	1,90,000
	35,00,000		35,00,000

The following scheme of reconstruction was approved by the court.

- i) To reduce the paid-up capital by Rs. 5 per share.
 - ii) To write off goodwill and debit balance in Profit and Loss Account.
 - iii) To write down the plant and machinery by Rs. 3,10,000.
- Give necessary Journal Entries to implement the scheme.

- 16. What are the items included under the heading "Current Liabilities and Provisions" ?
- 17. What is a Capital Reduction Account ?
- 18. Explain difference between Internal Reconstruction and External Reconstruction.

SECTION – D

Answer any 2 questions. Each question carries 8 marks. (2×8=16)

- 19. Define purchase consideration. Mention the different methods of presenting and ascertaining purchase consideration.
- 20. The following balances appear in the books of ALT Ltd. after the preparation of Profit and Loss Account for the year ended 31st March 2022.

	Rs.
Paid up share capital : in 25000 shares of Rs. 10 each	2,50,000
General Reserve	50,000
Profit and Loss Balance on 1-04-2021	26,000
Profit for current year	64,000
Bank loan	82,000
Bills payable	16,000
Sundry creditors	88,000



Unclaimed dividend	1,000
Land and buildings	91,000
Plant and machinery	29,000
Stock	2,90,000
Debtors	1,42,000
Cash at bank	11,000
Prepaid expenses	14,000

The Board of Directors recommended the following appropriations :

- Transfer to general reserve Rs. 30,000.
- Proposed dividend Rs. 25,000.
- Provide 10% of proposed dividend for corporate dividend tax.

Authorised capital is 50000 shares of Rs. 10 each. Prepare Profit and Loss Appropriation Account and Balance Sheet in accordance with Schedule IV of the Companies Act.

21. A Ltd. and B Ltd. doing the same type of business agree to amalgamate as from 1st January 2000 on which date their respective Balance Sheet were as follows :

Liabilities	A Ltd.	B Ltd.	Assets	A Ltd.	B Ltd.
Share capital :			Land and		
Shares of Rs. 10 each	2,00,000	3,00,000	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 journal entries to close the books of liquidating companies. Also, give opening entries in the books of AB Ltd. and prepare their opening Balance Sheet.