



**K23U 0922**

**Reg. No. : .....**

**Name : .....**

**IV Semester B.B.A Degree (CBCSS – Supplementary)  
Examination, April 2023  
(2017 and 2018 Admissions)  
Core Course  
4B08 BBA : CORPORATE ACCOUNTING**

**Time : 3 Hours**

**Max. Marks : 40**

**SECTION – A**

**Answer all questions. Each question carries ½ marks.**

**( 4×½=2)**

1. What is internal reconstruction ?
2. What is consolidation of shares ?
3. What is amalgamation ?
4. What are preliminary expenses ?

**SECTION – B**

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

**( 4×1=4)**

5. What is interim dividend ? Show journal entry.
6. What is external reconstruction ?
7. What is alteration of share capital ?
8. What is statement of equity ?
9. What are contingent liabilities ?
10. What is capital reduction ?

**P.T.O.**



## SECTION – C

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

(6×3=18)

11. Following is the balance sheet of Jaison Ltd as at 31-3-2021 :

Liabilities	Rs.	Assets	Rs.
100000 Equity		Sundry assets	4,30,000
shares of Rs. 10		P/L A/c	5,70,000
each, fully paid	10,00,000		
<b>Total</b>	<b>10,00,000</b>	<b>Total</b>	<b>10,00,000</b>

The management of the company feels that the worst days are over and adopt a scheme of reconstruction reducing all its equity shares into an equal number of fully paid equity shares of Rs. 4 each. Pass journal entries and prepare balance sheet immediately after reconstruction.

12. Explain how purchase consideration calculated under net payment method.

13. A Ltd. agrees to take over B Ltd. on the following terms :

- 1) The shareholders of B Ltd. are to be paid Rs. 25 in cash and issued 4 shares of Rs. 10 each in A Ltd. for every share of B Ltd. B Ltd. has 50000 equity shares.
- 2) 5000 Debentures of Rs. 100 each of B Ltd. are to be redeemed at premium of 10%.
- 3) Expenses of liquidation of Rs. 25,000 are to be borne by A Ltd. Calculate purchase consideration.





14. What is the difference between internal reconstruction and external reconstruction ?
15. What is intrinsic value of shares ?
16. The paid up capital of Toy Ltd. amounted to Rs. 2,50,000 consisting of 25,000 equity shares of Rs. 10 each.

Due to loss incurred by the company continuously, the directors of the company prepared a scheme for reconstruction which was duly approved by the court. The terms of reconstruction were as follows :

- I) In view of their present holding, the shareholder are to receive
  - a) Fully paid equity shares equal to  $\frac{2}{5}$  of their holding.
  - b) 5% preference shares fully paid up to the extent of 20% of the above new equity shares.
  - c) 3,000, 6% second debentures of Rs.10 each.
- II) An issue of 2,500, 5% first debentures of Rs. 10 each was made and fully subscribed in cash.
- III) The assets were reduced as follows :
  - a) Goodwill from Rs. 1,50,000 to Rs. 75,000
  - b) Machinery from Rs. 50,000 to Rs. 37,500
  - c) Leasehold premises from Rs. 75,000 to Rs. 62,500

Show the journal entries to give effect to the above scheme of reconstruction.



17. What is alteration of share capital ? Explain what the ways company can adopt to alter share capital.

18. The following is the balance sheet of A Ltd. as on 31-03-2007.

Liabilities	Rs.	Assets	Rs.
Share capital 8% preference		Fixed assets	16,25,000
shares of Rs. 100 each	3,75,000	Investments	3,00,000
Equity shares of Rs. 10 each	7,50,000	Current assets	2,50,000
General reserve	4,50,000		
7% debentures	3,50,000		
Current liabilities	2,50,000		
	<b>21,75,000</b>		<b>21,75,000</b>

R Ltd. agreed to take over the business of A Ltd. Calculate purchase consideration under Net Asset method by valuing all assets and liabilities at book value.

#### SECTION – D

Answer **any 2** questions. **Each** question carries **8** marks.

(2×8=16)

19. What is pooling of interest method and explain its features and significance ?

20. The following is the trial balance of A. Ltd. on 31-03-2020 :

Debit Balance	Rs.	Credit Balance	Rs.
Building	2,90,000	Sales	5,20,000
Machinery	1,00,000	Salaries outstanding	2,000
Closing stock	90,000	Provision for bad	
Purchase( adjusted)	2,10,000	debt(1-4-19)	3,000
Salaries	60,000	Share capital	2,00,000





Directors fees	10,000	General reserve	40,000
Rent	26,000	Profit and loss	25,000
Depreciation	20,000	Creditors	92,000
Bad debts	6,000	Provision for depreciation :	
Interest accrued on investment	2000	On building	50,000
12000 shares of Alto	1,20,000	On machinery	55,000
8 paid up		14% debentures	2,00,000
Debenture interest	28,000	Interest on debentures	14,000
Loose tools	23,000	Accrues not due	12,000
Advance tax	60,000	Interest on investment	
Sundry expenses	18,000	Unclaimed dividend	5,000
Debtors	1,25,000		
Bank	30,000		
	12,18,000		12,18,000

**Additional information :**

- Closing stock is more than opening stock by Rs. 80,000
- Provide for bad and doubtful debts @4% on debtors
- Make a provision for income tax at 50%
- Depreciation expense include depreciation of Rs. 8,000 on building and that of Rs. 12,000 on machineries
- Directors recommend a dividend 25%.

Prepare statement of profit and loss for the year ended 31-03-2020, and the balance sheet as on the date in prescribed form.



21. Following is the balance sheet of Lotus Ltd. as on 31<sup>st</sup> March 2022.

<b>Liabilities :</b>	<b>Rs.</b>
Share capital	2,50,000
Reserve	1,00,000
Bank loan	2,00,000
Creditors	1,50,000
<b>Total</b>	<b>7,00,000</b>
<b>Assets :</b>	
Land and building	3,00,000
Furniture	2,00,000
Stock	1,00,000
Debtors	50,000
Profit and Loss A/c	50,000
	<b>7,00,000</b>

Lotus Ltd. was absorbed by Mani Ltd. on purchase consideration of Rs. 6,00,000 payable Rs. 4,00,000 in cash and 20,000 shares of Rs.10 each. Liquidation expenses were Rs. 10,000. Give journal entries and ledger accounts in the books of Lotus Ltd.

Also pass journal entries in books in Mani Ltd.