

- (e) Transfer of 40,000 to development reserve  
 (f) Transfer of 90,000 to taxation reserve  
 (g) Company's capital included 1,00,000 equity shares of 10 each fully paid up and 2000, 9% preference shares of 100 fully paid.  
 (h) Transfer of 50,000 from profit reserve a/c for equity dividend  
 (i) 45,000 were transferred to profit reserve and 30,000 to debenture redemption fund

Prepare a profit and loss appropriation account in company's book.

- Q.5 i. Meaning of Holding company and subsidiary company? 4  
 ii. How consolidated Balance sheet of a Holding company with one subsidiary company is prepared? 6  
 OR iii. From the balance sheets and information given below, prepare a Consolidated Balance Sheet: 6

	H Ltd.	S Ltd.		H Ltd.	S Ltd.
	Rs.	Rs.		Rs.	Rs.
Share Capital :			Sundry Assets	80,000	12,000
Rs. 10 fully paid	1,00,000	20,000	Stock	61,000	24,000
Profit & Loss A/c	40,000	12,000	Debtors	13,000	17,000
Reserve	10,000	6,000	Bills Receivable	1,000	
Bills Payable		3,000	Shares in S Ltd. at cost	15,000	
Creditors	20,000	12,000			
	1,70,000	53,000		1,70,000	53,000

- (a) All the profits of S Ltd. have been earned since the shares were acquired by H Ltd. but there was already the Reserve of Rs.6,00,000 on that date.  
 (b) The bills accepted by S Ltd. are all in favour of H Ltd. which has discounted Rs. 2,000 of them.  
 (c) Sundry assets of S Ltd. are undervalued by Rs. 2,000. The stock H Ltd. includes Rs. 5,000 bought from S Ltd. at a profit to the latter of 25% on cost.
- Q.6 Attempt any two:
- i. Explain the meaning of amalgamation? Explain the types of the Amalgamation? 5  
 ii. Explain Internal reconstruction of a company as per Indian accounting Standard 14? 5  
 iii. Explain the accounting treatment for merger as per AS14? 5

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Programme: BBA

Enrollment No.....

Faculty of Management  
 End Sem (Even) Examination May-2018  
 MS3CO13 Corporate Accounting

Branch/Specialisation: Management

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. Penalty for delay in refunding application money 1  
 (a) 6% (b) 5% (c) 15% (d) 20%
- ii. When Redeemable Preference shares are due for redemption, the entry passed is 1  
 (a) Debit redeemable preference share capital a/c ; Credit cash a/c  
 (b) Debit redeemable preference share capital a/c; credit preference share holders a/c  
 (c) Debit preference share holders a/c; credit cash a/c  
 (d) Debit preference share holders a/c; credit capital reduction a/c
- iii. Compulsory winding up is done in the case of 1  
 (a) If a company unable to pay its debt  
 (b) If period fixed for the company is expired  
 (c) If company passes a special resolution  
 (d) Members want to liquidate the company
- iv. The liquidator has a legal right of forfeiting the shares of those who fail to pay the amount due 1  
 (a) True (b) False  
 (c) Can't say (d) Depends on type of liquidation
- v. The statement of financial position and the balance sheet are synonyms 1  
 (a) False (b) True  
 (c) Both depends on situation (d) Can't say
- vi. Which of the following shows summary of a company's financial position at a specific date: 1  
 (a) P& L A/c (b) Cash flow statement  
 (c) Income & expenditure A/c (d) Balance sheet

[2]

- vii. Preparation of consolidated statement as per AS 21 is **1**  
 (a) Optional for listed companies  
 (b) Mandatory for listed companies  
 (c) Mandatory for Pvt. Ltd.  
 (d) Optional for partnership firm
- viii. Holding company share in revenue profits of subsidiary company is adjusted in **1**  
 (a) Cost of capital  
 (b) Profit and loss account  
 (c) Shown on assets side of Balance sheet  
 (d) None of the above
- ix. When amalgamation is in the nature of purchase, the accounting method to be followed is **1**  
 (a) Equity method (b) Purchase method  
 (c) Consolidated method (d) Pooling of interests method
- x. For amalgamation in the nature of merger, the shareholders holding atleast ----- or more of the equity shares of thr transferor company becomes the equity shareholders of the transferee company. **1**  
 (a) 51% (b) 99% (c) 100% (d) 90%
- Q.2 i. What is redemption of preference shares? **2**  
 ii. Explain the meaning of shares. Explain types of shares. **3**  
 iii. Write the five differences between equity shares and preference shares. **5**
- OR iv. ABC Ltd. Company invites applications for 50,000 equity shares of 10 each payable as follows: **5**  
 On application 3  
 On allotment 4  
 On first call 2  
 On final call the balance  
 Applications were received for 55,000 shares. Allotments were made on the following basis:  
 (a) To applicants for 35,000 shares - in full  
 (b) To applicants for 20,000 shares - 15,000 shares  
 Excess money paid on application was utilised towards allotment money.

[3]

- A shareholder who was allotted 1,500 shares out of the group applying for 20,000 shares failed to pay allotment money and money due on calls. These shares were forfeited. 1,000 forfeited shares were re-issued as fully paid on receipt of 8 per share. Show the journal entries in the books of company.
- Q.3 i. What is order of payment? **2**  
 ii. What is liquidation of company? What is the format of liquidator's final statement of account? **8**
- OR iii. From the following trial balance of XYZ Ltd. Prepare financial statements for the year ended 31 march 2017 **8**
- |                                |                            |
|--------------------------------|----------------------------|
| Opening stock 7,500            | P& L Opening balance 1,503 |
| Purchase 24,500                | Bad debts 483              |
| Wages 5,000                    | Reserves 1,550             |
| Sales 35,000                   | Creditors 1,750            |
| Discounts ( DR) 700, (CR.) 500 | Debtors 3,750              |
| Salaries 750                   | Capital 10,000             |
| Rent 495                       | Machinery 2,900            |
| General expenses 1,705         | Cash 1,620                 |
| Dividend paid 900              |                            |
- Other Information:  
 (a) Stock amounted to 8,200 on 31/3/17  
 (b) Depreciation on machinery 10%  
 (c) Outstanding rent is 45  
 (d) Prepaid general expenses 38.
- Q.4 i. What is profit and loss appropriation account? **3**  
 ii. How Pre and post Incorporation profit/loss is calculated? **7**
- OR iii. On 31 March 2017, Profit of a limited company was 20,53,638 after making provisions for depreciation and taxes. Profits 2,15,643 was brought forward from last year. The directors made the following recommendations for distribution of profits. **7**  
 (a) Distribution of 80,000 by way of bonus to the employees  
 (b) Transfer 6,15,000 to general reserve  
 (c) Dividend of 5% on equity shares  
 (d) Transfer of 40,000 to employees gratuity fund

P.T.O.

**Marking Scheme**  
**MS3CO13 Corporate Accounting**

Q.1	i.	Penalty for delay in refunding application money (c) 15%	<b>1</b>
	ii.	When Redeemable Preference shares are due for redemption, the entry passed is (b) Debit redeemable preference share capital a/c; credit preference share holders a/c	<b>1</b>
	iii.	Compulsory winding up is done in the case of (a) If a company unable to pay its debt	<b>1</b>
	iv.	The liquidator has a legal right of forfeiting the shares of those who fail to pay the amount due (a) True	<b>1</b>
	v.	The statement of financial position and the balance sheet are synonyms (b) True	<b>1</b>
	vi.	Which of the following shows summary of a company's financial position at a specific date: (d) Balance sheet	<b>1</b>
	vii.	Preparation of consolidated statement as per AS 21 is (b) Mandatory for listed companies	<b>1</b>
	viii.	Holding company share in revenue profits of subsidiary company is adjusted in (b) Profit and loss account	<b>1</b>
	ix.	When amalgamation is in the nature of purchase, the accounting method to be followed is (b) Purchase method	<b>1</b>
	x.	For amalgamation in the nature of merger, the shareholders holding atleast ----- or more of the equity shares of thr transferor company becomes the equity shareholders of the transferee company. (d) 90%	<b>1</b>
Q.2	i.	Meaning of redemption of preference shares	<b>2</b>
	ii.	Meaning of shares Types of shares	<b>3</b> 1 mark 2 marks
	iii.	Five differences between equity shares and preference shares 1 mark each	<b>5</b> (1 mark * 5)
OR	iv.	Show the journal entries in the books of company.	<b>5</b>

Q.3	i.	Meaning Order of payment	<b>2</b>
	ii.	Meaning liquidation of company Format of liquidator's final statement of account	<b>8</b> 2 marks 6 marks
OR	iii.	Prepare financial statements for the year ended 31 march 2017	<b>8</b>
Q.4	i.	Meaning of Profit and loss appropriation account	<b>3</b>
	ii.	Pre and post Incorporation profit/loss is calculated	<b>7</b>
OR	iii.	Prepare a profit and loss appropriation account in company's book.	<b>7</b>
Q.5	i.	Meaning of Holding company Meaning of subsidiary company	<b>4</b> 2 marks 2 marks
	ii.	Consolidated Balance sheet of a Holding company with one subsidiary company is prepared Explanation and format	<b>6</b>
OR	iii.	Prepare a Consolidated Balance Sheet:	<b>6</b>
Q.6		Attempt any two:	
	i.	Meaning of amalgamation Types of the Amalgamation	<b>5</b> 2 marks 3 marks
	ii.	Internal reconstruction of a company as per Indian accounting Standard 14	<b>5</b>
	iii.	Accounting treatment for merger as per AS14	<b>5</b>

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