

13.08.2019

ST. JOSEPH'S COLLEGE (AUTONOMOUS) BENGALURU-27
MID SEMESTER EXAMINATION- AUGUST 2019
B.COM / BPS - III SEMESTER
BC3118 / BPS 3118: CORPORATE ACCOUNTING-II

DURATION: 1 Hour

MAX. MARKS: 30 Marks

SECTION A

Answer any FIVE of the following questions. Each question carries two marks. (5x2=10)

- 1) Give any two reasons for redemption.
- 2) What are the different types of preference shares?
- 3) Define Internal Reconstruction.
- 4) What do you mean by amalgamation?
- 5) What is the meaning of reduction of capital?
- 6) What is Purchase consideration?
- 7) State the opening journal entries in the books of the transferee.

SECTION B

Answer any TWO of the following questions. Each question carries five marks. (2x5=10)

- 8) A company had 10,000,6% Redeemable preference shares of Rs.100 each as fully paid. These shares were due for redemption on 31st March 2015 at a premium of 10%, to carry out the redemption the company issued 2,500 equity shares of Rs.100 each at a premium of 7.5%. The company had a balance of Rs.50,000 in securities premium A/c and Rs. 9,75,000 in P&L A/c. Pass the necessary journal entries.
- 9) The paid-up capital of P Ltd. Rs.2,50,000(Rs.100 each), Besides this the company had 9% redeemable preference shares of Rs.10 each for Rs.50,000. Share premium is Rs.5,000. P&L a/c is Rs.14,400 and the general reserve is Rs.68,000. Sundry assets includes investments at Rs.6,800. The company proposed to redeem the preference shares at 10% premium. And issued equity shares for Rs.24,000 at a premium of 10%. Investments were sold at 105% of its value. Pass necessary journal entries.
- 10) Balance sheet of M Ltd. Shows the following on 31.12.2018.
1,00,000 equity shares of Rs.10 each Rs.10,00,000.
50,000, 5% preference shares of Rs.10 each Rs.5,00,000.
6% debentures Rs. 5,00,000.
N Ltd acquired M Ltd on the same date and agreed to pay the following.
 - i. 5000 equity shares of Rs.10 each at the rate of Rs.12. 30,000, 8% preference shares of Rs.10 each and 7% debentures to the extent of 2,00,000, to the equity share holders of M Ltd.
 - ii. 30,000 equity shares of Rs10 at the rate of Rs12 and 20,000, 8% preference shares of Rs.10 each to the Preference share holders of M Ltd.
Calculate Purchase consideration and show the discharge.

SECTION C

Answer the following compulsory question. The question carries ten marks. (1x10=10)

11) Balance sheet of Paywell Ltd as on 31.3.2018 was as follows

Equity and Liabilities	Amount
8,000 Equity shares of Rs.100 each	8,00,000
Other equities	
4,000 Preference shares of Rs.100 each	4,00,000
Non-current Liabilities	
8% Debentures	2,00,000
Bank Loan	1,00,000
Current Liabilities	
Creditors	2,00,000
Total	17,00,000
Assets	
Non-Current Assets	
Land and Building	4,00,000
Plant	6,00,000
Intangible assets	
Goodwill	30,000
Current Assets	
Stock	1,00,000
Debtors	80,000
Misc.	
P&L A/c	4,90,000
Total	17,00,000

The following scheme of internal reconstruction was approved by the court.

- a. Preference shares are to be reduced to Rs.50 each.
- b. Equity Shares are to be reduced to Rs. 25 each.
- c. Debenture holder to take over stock and debtors in full settlement of their account.
- d. Eliminate Goodwill and P&L A/c completely.
- e. Plant value is reduced to 50% of its present value.

Journalize the entries and prepare the revised balance sheet.

***** End of Question Paper *****