



K18U 0970

Reg. No. :

Name :

IV Semester B.B.A. Degree (CBCSS – Reg./Sup./Imp.)
Examination, May 2018
(2014 Admn. Onwards)
Core Course
4B08 BBA : CORPORATE ACCOUNTING

Time : 3 Hours

Max. Marks : 40

SECTION – A

Answer **all** questions. **Each** question carries ½ mark :

1. What do you mean by internal reconstruction ?
2. What is Amalgamation ?
3. What is purchase consideration ?
4. What do you mean by external reconstruction ?

SECTION – B

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

5. Differentiate between Internal reconstruction and External reconstruction.
6. Explain Lumpsum method of payment of purchase consideration.
7. What is vendor company ?
8. What do you mean by consolidation of shares ?
9. What is Absorption ?
10. What is Capital Reduction ?

P.T.O.



SECTION – C

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

11. Explain the different methods of Payment of purchase consideration.
12. Differentiate between Amalgamation and Absorption.
13. Write down accounting entries on Internal reconstruction.
14. Explain the procedure for reducing share capital.
15. The following is the Balance Sheet of ABC Ltd. as on 31st Dec. 2006.

Liabilities		Assets	
Paid up capital		Goodwill	2,50,000
100000 equity shares of	10,00,000	Furniture	8,50,000
₹ 10 each		Stock	4,00,000
Creditors	7,50,000	Debtors	1,50,000
		Cash	5,000
		P&L A/c	95,000
	17,50,000		17,50,000

The following scheme of reconstruction was approved by the court.

- a) To reduce the paid up capital by Rs. 5 per share
- b) To write down goodwill and debit balance in P&L A/c.

Prepare Capital Reduction A/c

16. From the following particulars, compute weighted time ratio for pre and post incorporation period and share the salaries accordingly.
 - i) Accounting period – 1st January to 31st Dec. 2016
 - ii) Date of Incorporation – 1st May 2016
 - iii) Total salaries for the year – Rs. 28,00,000
 - iv) Total number of workers
 - Pre-incorporation period – 10
 - Post- incorporation period – 30
17. P Ltd. holds the business of Q Ltd. for which P Ltd. pays Rs. 2,00,000 in equity shares of ₹ 10 each, Rs. 1,50,000 in 12% Debentures of P Ltd. and Rs. 1,75,000 in cash. Creditors for Rs. 75,000 and Employee's security deposit of Rs. 15,000 are also assumed by P Ltd.

Compute Purchase consideration.



18. Asian Ltd. was incorporated in 1st April 2006 to acquire the business of Haris & Sons as a going concern with effect from 1st Jan. 2006. The total sales for the year ended 31st Dec. 2006 amounted to ₹ 1,50,000 of which ₹ 50,000 related to the first 3 months. The P&L A/c of the company for the year stood as follows :

Salaries	4,000	Gross profit b/d	30,000
Rent	1,000		
Commission	3,000		
Discount	1,500		
Director's fee	2,100		
Audit fee	900		
Debenture Interest	500		
Bad debts	750		
Net Profit	16,250		
	30,000		30,000

Prepare P&L A/c showing the net profit earned during pre & post incorporation periods.

SECTION – D

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

19. What do you mean by profit prior to Incorporation ? How will you calculate profit or loss prior to incorporation ?
20. Paid up share capital of Toy Ltd. amounted to ₹ 2,50,000 consisting of 25,000 equity shares of ₹ 10 each.

Due to losses incurred by the company continuously, the directors of the company prepared a scheme for reconstruction. The terms of reconstruction was as follows :

- 1) In lieu of their present holdings, the shareholders are to receive :
 - a) fully paid equity shares equal to $\frac{2}{8}$ th of their holding.
 - b) 5% preference shares fully paid to the extent of 20% of the above new equity shares.
 - c) 3,000 6% second debentures of ₹ 10 each.
- 2) An issue of 2,500 5% debentures of ₹ 10 each was made and fully subscribed in cash.
- 3) The assets were reduced as follows :
 - a) Goodwill from ₹ 1,50,000 to ₹ 75,000
 - b) Machinery from ₹ 50,000 to ₹ 37,500
 - c) Leasehold premises from ₹ 75,000 to ₹ 62,500

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



21. A Ltd. and B Ltd. were Amalgamated on and from 1st April, 2015. A new company AB Ltd. was formed to take over the business of existing companies liabilities and assets of A Ltd. & B Ltd. as on 31st March 2015 are given below :

	A Ltd.	B Ltd.
Liabilities		
Share capital :		
Equity shares of ₹ 10 each	2,400	1,600
12% Preference shares of ₹ 100 each	1,200	800
Capital reserve	800	600
General reserve	1,200	600
Surplus A/c	400	200
Secured Loan	1,600	800
Trade payables	1,200	400
Tax provision	800	200
	9,600	5,200
Assets		
Fixed Assets	4,800	3,200
Less : Depreciation	800	600
	4,000	2,600
Investments	1,600	600
Stock	1,200	600
Debtors	1,600	800
Cash and Bank	1,200	600
	9,600	5,200

Other Informations :

- i) Preference shareholders of the two companies are issued equivalent number of 15% preference shares of AB Ltd. at an issue price of ₹ 125 per share.
- ii) AB Ltd. will issue one equity share of ₹ 10 each for every shares of A Ltd. and B Ltd. The shares are issued at a premium of ₹ 5 per share.

Prepare a Balance Sheet of AB Ltd. on the assumption that the amalgamation is in the nature of merger.