



## Avinashilingam Institute for Home Science and Higher Education for Women

Deemed to be University Estd. u/s 3 of UGC Act 1956, Category A by MHRD (now MoE)

Re-accredited with A++ Grade by NAAC. CGPA 3.65/4, Category I by UGC

Coimbatore-641043, Tamil Nadu, India

### Bachelor's Degree Examination – May 2025 II Semester

Class : I UG / 2023 Batch

Major : B.Com/B.Com (PA)/ B.Com (CA)/B.Com CS

Time : 3 Hours

Max. Marks : 100

### 23BCOC04/23BCPC04/23BCCC04/23BCRC04 Corporate Accounting and Spread Sheet Applications

#### Course Outcomes:

CO1: Ability to adopt Accounting Standards in Issue of Shares and Debentures.

CO2: Well-versed in preparation of Financial Statements using Manual and Online Software.

CO3: Understand the procedure of Internal Reconstruction of the Company.

CO4: Ability to analyse the Amalgamation of companies in India.

CO5: Ability to utilize the Annual Report of Companies and e-filing of Annual Report and applications of spread sheet functions in select business operations

#### Part A

10 x 1 = 10

#### Choose the Correct Answer

- What does reserve capital mean? CO1K1
  - A part of subscribed uncalled capital
  - Reserve profit
  - A part of capital reserve
  - A part of capital redemption reserve
- Discount allowed on the reissue of forfeited shares is debited to \_\_\_\_\_. CO1K2
  - Share capital A/c
  - Share forfeiture A/c
  - Profit and loss A/c
  - General reserve A/c
- Which of the following is owned by a single person? CO2K1
  - Private Company
  - Public Company
  - Joint Hindu Family
  - Sole Proprietorship
- One Person Company cannot be converted into \_\_\_\_\_ company. CO2K2
  - Private
  - Public
  - Section 8
  - All of the above
- When one of the existing companies take over business of another company or companies, it is known as \_\_\_\_\_. CO3K1
  - Amalgamation
  - Absorption
  - Internal reconstruction
  - External reconstruction
- The various losses can be written with the help of capital reduction account at the time of \_\_\_\_\_ reconstruction. CO3K2
  - External
  - Outsources
  - Internal
  - Surplus
- When two or more companies carrying on similar business decide to combine, a new company is formed, it is known as \_\_\_\_\_. CO4K1
  - Amalgamation
  - Absorption
  - Internal reconstruction
  - External reconstruction
- In case of amalgamation, miscellaneous expenses are shown \_\_\_\_\_. CO4K2
  - New Company Account
  - Equity Shareholders Account
  - Cash Account
  - Realization Account
- Which of the following can be a part of financial reports? CO5K2
  - The report regarding the financial result of the organization
  - The report with details about the financial position of the organization
  - The report regarding the flow of cash of the organization
  - All of the above
- Securities premium account is shown on the liabilities side in the balance sheet under the heading of \_\_\_\_\_. CO5K2
  - Reserves and surplus
  - Current liabilities and provisions
  - Share capital
  - Contingent liabilities

**Part B**  
**Answer ALL questions**

**5 x 6 = 30**

**Each answer should not exceed 400 words or two pages**

11.a. Explain the importance of share capital CO1K2

(or)

11.b. Fashion Fabrics Ltd. issued 100000 shares of ` 10 each on 1st April, 2014. The amount payable on these shares was as under: CO1K2

Rs.2 per share on application

Rs. 3 per share on allotment

Rs. 5 per share on call

Prepare the journal entries in the books of company.

12.a. List out the features of one person company CO2K3

(or)

12.b. Ganesh Company Ltd. has the following cash flows for the year of March 2000 CO2K3

Cash from customers (received): Rs.45,000

Payments to suppliers: Rs.20,000

Salaries (paid to the owner and employees): Rs.12,000

Purchase of equipment: Rs.3,000

Calculate the Net Cash Flow for the year.

13.a. On 31-12-2021, B Ltd. had 20,000, Rs.10 Equity Shares as authorised capital and CO3K3

the shares were all issued on which Rs. 8 was paid up. In June, 2022 the company in general meeting decided to sub-divide each share into two shares of Rs. 5 with Rs. 4 paid up. In June, 2023 the company in general meeting resolved to consolidate 20 shares of Rs. 5, Rs. 4 per share paid up into one share of Rs.100 each, Rs.80 paid up. Pass entries and show how share capital will appear in Balance Sheet as on 31-12-2021, 31-12-2022 and 31-12-2023.

(or)

13.b. Kadar Ltd. is facing financial difficulties, and its balance sheet reflects significant accumulated losses. The following details are provided: CO3K3

Share Capital: Rs. 500,000 (50,000 shares at Rs. 10 each)

Reserves: General Reserve of Rs. 150,000

Accumulated Losses: Rs. 250,000

Assets:

Fixed Assets: Rs. 400,000

Current Assets: Rs. 200,000

Liabilities:

Creditors: Rs. 100,000

Kadar Ltd. decides to restructure its balance sheet through internal reconstruction. The company proposes:

To reduce the share capital by 50%

To write off the accumulated losses of Rs. 250,000 by utilizing the reduction in capital

Prepare a revised balance sheet after the internal reconstruction.

14.a. Balance Sheet of X Ltd. as on 31st March, 2022 CO4K3

Liabilities	Rs.('000)	Assets	Rs.('000)
Share Capital:		Land & Buildings	50,00
Equity Shares of Rs.10 each	75,00	Plant & Machinery	45,00
14% Preference Shares of		Furniture	10,50
Rs.100 each	25,00	Investments	5,00
General Reserve	12,50	Inventory	23,00
12% Debentures	40,00	Trade receivables	24,00
Trade payables and other		Cash & Bank balance	15,00
Current liabilities	20,00		
	172,50		172,50

Other Information:

(i) Y Ltd. takes over X Ltd. on 10th April, 2022.

(ii) Debenture holders of X Ltd. are discharged by Y Ltd. at 10% premium by issuing 15% own debentures of Y Ltd.

(iii) 14% Preference Shareholders of X Ltd. are discharged at a premium of 20% by issuing necessary number of 15% Preference Shares of Y Ltd. (Face value Rs.100 each).

(iv) Intrinsic value per share of X Ltd. is Rs.20 and that of Y Ltd. Rs.30. Y Ltd. will issue equity shares to satisfy the equity shareholders of X Ltd. on the basis of intrinsic value. The entry should be made at par value only. The nominal value of each equity share of Y Ltd. is Rs. 10. Compute the purchase consideration.

- (or)
- 14.b. Liabilities not assumed by the purchasing company, have to be paid off. On payment, debit the liability concerned and credit cash. Any difference between the amount actually paid and the book figure must be transferred to the Realisation Account. Zed Ltd. shall pass the journal entry. CO4K2
- 15.a. Narrate the process of annual report. CO5K3
- (or)
- 15.b. Explain the concept of e-filing. CO5K3

**Part C** **5 x 12 = 60**  
**Answer ALL questions**  
**Each answer should not exceed 800 words or four pages**

- 16.a. ABC Ltd invited applications for issuing 80,000 equity shares of Rs. 10 each. CO1K3  
 Money is payable as follows :  
 Rs. 3 on Application, Rs. 3 on Allotment, Rs.2 on First Call and Rs.2 on Second & Final call.  
 All the shares were applied and all sums due on allotment and calls have been received. Share issue expenses amounted to Rs. 8,000. You are required to prepare Journal, Ledger Accounts and the Balance Sheet of ABC Ltd.
- (or)
- 16.b. Sunitha Ltd. was registered with an authorised capital of Rs. 50,00,000 divided in 50,000 shares of Rs.100 each. Company issued 20,000 shares at a premium of Rs.20 per share. Amount receivables as Rs.40 on application, Rs. 40 on allotment (including premium) Rs.20 on first call & Rs.20 on second & final call. All shares were subscribed & all money was duly received. Share issue expenses amounted to Rs. 20,000 which were fully written off against securities premium reserve A/c. Pass necessary Journal entries & Prepare Bank A/c and Balance Sheet. CO1K3
- 17.a. Explain in detail the steps for Incorporation of an one person company. CO2K3
- (or)
- 17.b. Ram Co. is a one-person company. The following transactions occurred during the year: CO2K3  
 Sales Revenue: Rs.50,000  
 Rent for office: Rs.12,000  
 Utilities: Rs.2,500  
 Salaries (owner's salary included): Rs.15,000  
 Office supplies: Rs.1,200  
 Depreciation on equipment: Rs.1,500  
 Calculate the Net Profit for the year
- 18.a. Following is the Summary Balance Sheet of ABC Ltd. as at 31st March, 2021: CO3K3

Liabilities	Rs.	Assets	Rs.
Sharecapital:		Plant and machinery	9,00,000
2,00,000 Equity shares of		Furniture and fixtures	2,50,000
Rs.10 each fully paid up	20,00,000	Patents and copyrights	70,000
6,000 8% Preference shares of Rs.100 each	6,00,000	Investments (at cost) (Market value Rs.55,000)	68,000
9% Debentures	12,00,000	Inventory	14,00,000
Bank overdraft	1,50,000	Trade receivables	14,39,000
Trade payables	5,92,000	Cash and bank balance	10,000
		Profit and Loss A/c	4,05,000
	45,42,000		45,42,000

The following scheme of reconstruction was finalised:

- (i) Preference shareholders would give up 30% of their capital in exchange for allotment of 11% Debentures to them.
- (ii) Debenture holders having charge on plant and machinery would accept plant and machinery in full settlement of their dues.
- (iii) Inventory equal to Rs. 5,00,000 in book value will be taken over by trade payables in full settlement of their dues.
- (iv) Investment value to be reduced to market price
- (v) The company would issue 11% Debentures for Rs. 3,00,000 and augment its working capital requirement after settlement of bank overdraft.

Pass necessary Journal Entries in the books of the company. Prepare Capital Reduction account and Balance Sheet of the company after internal reconstruction.

(or)

18.b. The Balance Sheet of Kannan Limited as at 31st March, 2020 was as follows:

CO3K3

Liabilities	Rs.	Assets	Rs.
Authorized and subscribed capital:	10,00,000	Fixed Assets :	
10,000 Equity shares of		Machineries	1,00,000
Rs. 100 each fully paid		Current assets :	
Unsecured Loans :		Inventory	3,20,000
12% Debentures	2,00,000	Trade receivables	2,70,000
Accrued interest	24,000	Bank	30,000
Current liabilities		Profit and loss account	6,00,000
Trade payables-	72,000		
Provision for income tax	24,000		
	13,20,000		13,20,000

It was decided to reconstruct the company for which necessary resolution was passed and sanctions were obtained from appropriate authorities. Accordingly, it was decided that:

- Each share is sub-divided into ten fully paid up equity shares of Rs. 10 each.
- After sub-division, each shareholder shall surrender to the company 50% of his holding, for the purpose of re-issue to debenture holders and trade payables as necessary.
- Out of shares surrendered, 10,000 shares of Rs. 10 each shall be converted into 12% preference shares of Rs. 10 each, fully paid up.
- The claims of the debenture-holders shall be reduced by 75%. In consideration of the reduction, the debenture holders shall receive preference shares of Rs.1,00,000 which are converted out of shares surrendered.
- Trade payables claim shall be reduced to 50%; it is to be settled by the issue of equity shares of Rs. 10 each out of shares surrendered.
- Balance of profit and loss account to be written off.
- The shares surrendered and not re-issued shall be cancelled.

You are required to show the journal entries giving effect to the above and the resultant Balance Sheet.

19.a. The following are the summarized Balance Sheets of A Ltd. and B Ltd. as on 31.3.2019: CO4K3

Liabilities	(Rs.inthousands)	
	ALtd.	BLtd.
Share capital:		
Equity shares of 100 each fully paid up	2,000	1,000
Reserves	1,000	---
10% Debentures	500	---
Loans from Banks	250	450
Bank over drafts	---	50
Trade payables	300	300
Total	4,050	1,800
Assets		
Tangible assets / fixed assets	2,700	850
Investments	700	---
Trade receivables	400	150
Cash at bank	250	---
Accumulated loss	---	800
Total	4,050	1,800

B Ltd. has acquired the business of A Ltd. The following scheme of merger was approved:

- (i) Banks agreed to waive off the loan of Rs. 60 thousands of B Ltd.
- (ii) B Ltd. will reduce its shares to Rs. 10 per share and then consolidate 10 such shares into one share of Rs. 100 each (new share).
- (iii) Shareholders of A Ltd. will be given one share (new) of B Ltd. in exchange of every share held in A Ltd.
- (iv) Trade payables of B Ltd. include Rs. 100 thousands payable to A Ltd.

Pass necessary entries in the books of B Ltd. and prepare Balance Sheet after merger.

(or)

19.b. The financial position of two companies Hari Ltd. and Vayu Ltd. as on 31st March, 2021 was as under: CO4K3

Assets	HariLtd.(Rs.)	VayuLtd.(Rs.)
Goodwill	50,000	25,000
Building	3,00,000	1,00,000
Machinery	5,00,000	1,50,000
Inventory	2,50,000	1,75,000
Tradereceivables	2,00,000	1,00,000
CashatBank	50,000	20,000
	13,50,000	5,70,000
Liabilities	HariLtd.(Rs.)	VayuLtd.(Rs.)
ShareCapital:		
EquitySharesofRs.10each	10,00,000	3,00,000
9%PreferenceSharesofRs.100each	1,00,000	—
10%PreferenceSharesofRs.100each	—	1,00,000
GeneralReserve	70,000	70,000
RetirementGratuityfund	50,000	20,000
Tradepayables	1,30,000	80,000
	13,50,000	5,70,000

Hari Ltd. absorbs Vayu Ltd. on the following terms:

- (a) 10% Preference Shareholders are to be paid at 10% premium by issue of 9% Preference Shares of Hari Ltd.
- (b) Goodwill of Vayu Ltd. is valued at Rs. 50,000, Buildings are valued at Rs. 1,50,000 and the Machinery at Rs. 1,60,000.
- (c) Inventory to be taken over at 10% less value and Provision for Doubtful Debts to be created @ 7.5%.
- (d) Equity Shareholders of Vayu Ltd. will be issued Equity Shares @ 5% premium

Prepare necessary Ledger Accounts to close the books of Vayu Ltd. and show the acquisition entries in the books of Hari Ltd. Also draft the Balance Sheet after absorption as at 31st March, 2021.

20.a. Explain the need and objectives of corporate financial report.

CO5K3

(or)

20.b. Enumerate the various content of annual report.

CO5K3

\*\*\*\*\*