



Avinashilingam Institute for Home Science and Higher Education for Women

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

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

Coimbatore-641043, Tamil Nadu, India

Continuous Internal Assessment II – April 2025

II Semester

Class : I UG

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

Time : 2Hours

Max. Marks: 60

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

- Profit prior to incorporation should be credited to : CO3 K1
 - Goodwill a/c
 - Capital Reserve a/c
 - Revenue Reserve a/c
 - Profit & Loss a/c
- Managerial Remuneration should be apportioned on the basis of or: CO3K2
 - Time Ratio
 - Adjusted Time Ratio
 - Sales Ratio
 - Posted only in post incorporation period
- Accounting Standard for Amalgamation is: CO4K1
 - AS-8
 - As-20
 - AS-14
 - AS-3
- Excess purchase consideration paid by transferee company to the transferor company must be CO3K2
 - Debited to goodwill a/c
 - Debited to Miscellaneous Expenditure a/c
 - Credited to capital reserve a/c
 - Debited to Profit & Loss a/c
- The another name given to the published accounts of joint stock companies is: CO3K2
 - Annual reporting
 - Corporate Reporting
 - Financial Reporting
 - Public Reporting
- Primary financial statements is/are: CO3K1
 - A statement of income, a statement of financial position, s statement of changes in equity and a statement of cash flows
 - A statement of income, a statement of financial position and a statement of cash flows
 - A statement of income and a statement of financial position
 - a statement of financial position

Part B

3 x 6 = 18

Answer ALL questions

Each answer should not exceed 400 words or two pages

- (a). Define Amalgamation and explain its features. CO4K2
(or)
- (b). The business carried on by Khushilal under the name "Lost Horizon" was taken over as CO3K3
a running business with effect from 1st July, 2020 by North Horizon Ltd. which was incorporated on 1st October, 2020. The same set of books was continued since there was no change in the type of business and the following particulars of profits for the year ended 30th June, 2021 were available:

Particulars	Amount	Amount
Sales: Company Period	40,000	
Prior Period	10,000	50,000
Selling Expenses	2,000	
Salaries	3,600	
Director's Fees	2,400	
Interest on Capital (upto 30.09.2020)	700	
Variable Expenses	1,500	
Depreciation	2,800	
Rent	4,800	
Purchases	25,000	
Carriage Inwards	1,019	
		43,819
Net Profit		6,181

- (ii) Rent for the first 3 months was paid @ Rs.200 p.m. and thereafter at a rate increases by Rs.50 p.m.
 (iii) Bad Debt Rs.350, related to sales effected after 1st September, 2020 and the realization of bad debts was in respect of debts written off during 2018.
 (iv) Advertisement expenses were directly proportionate to the sales.
 You are required to find out the profit prior to incorporation and state the treatment thereof on the books of the company.

(or)

- 10.(b). B.Ltd. was incorporated on 30th September, 2020 to take over the business of T. Ltd as CO3K3 from 1st April 2020. The financial accounts of the business for the year ended 31st March, 2021 disclosed the following information:

Particulars	Amount	Amount
Sales – April to September	1,20,000	
October to March	1,80,000	3,00,000
Less: Purchases		
April to September	75,000	
October to March	1,20,000	1,95,000
		1,05,000
Gross Profit		
Less: Salaries	15,000	
Selling Expenses	3,000	
Depreciation	1,500	
Directors Remuneration	750	
Debentures Interest	90	
Administrative Expenses (Rent, Rates etc.)	4,500	
		24,840
Profit for the year		80,160

You are required to prepare statement of profit and loss apportioning the balance of profit between profit prior to and since incorporation for the year ended 31st March 2021.

- 11.(a). Data taken from the books of A Ltd. and B.Ltd. as on 31st March, 2021 were as follows: CO4K3

Particulars	Amount	Amount
I Equity and Liabilities		
(1) Shareholders' Funds		
(i) Share Capital:		
50,000 Preference Shares of Rs.100 each	5,000	
15,00,000 Equity Shares of Rs. 10 each	15,000	
4,00,000 Equity Shares of Rs. 10 each		4,000
(ii) Reserves and Surplus:		
General Reserves	8,000	
Surplus Account	900	320
(2) Current Liabilities		
Creditors	500	210
Total Equity and Liabilities	29,400	4,530
II Assets		
(1) Non-Current Assets		
(a) Fixed Assets:		
Land & Buildings	6,000	
Plant & Machinery	15,500	
Furniture		250
Motor Vehicles		400
Intangible Assets:		
Good Will		700
Patents	2,000	
(b) Investment	1,150	
(2) Current Assets		
Stocks	3,500	2,390
Debtors	800	620
Cash at Bank	450	170
Total Assets	29,400	4,530

A new company, C Ltd. was formed to acquire the assets and liabilities of A.Ltd. and B.Ltd. The terms of acquisition of business were as under:

- (i) C Ltd. to have an authorized capital of Rs.3,50,00,000, divided into 50,000 13% Preference Shares of Rs.100 each and 30,00,000 equity shares of Rs.10 each.

- (ii) Business of A Ltd. valued at Rs.3,00,00,000; settlement being Rs.60,00,000 cash and balance by issue of fully-paid equity shares at Rs.12.
 (iii) Business of B Ltd. valued at Rs.48,00,000 to be satisfied by issue of fully paid equity shares at Rs.12.
 (iv) Preference Shares of A Ltd. were redeemed.
 (v) C Ltd. made a public issue of 30,000 preference shares at par and 3,00,000 equity shares at Rs.12. The whole issue was fully subscribed and fully paid up.

Make journal entries in the books of Acquirer.

(or)

11.(b). Give below are the balances of two companies as on 31st March, 2021:

CO4K3

Particulars	Amount	Amount
I Equity and Liabilities		
(1) Shareholders Funds		
(a) Share Capital:		
50,000 8% Cumulative Preference Shares of Rs.10 each	5,00,000	
Equity Shares of Rs. 10 each	15,00,000	4,00,000
(iii) Reserves and Surplus:		
General Reserves	8,00,000	
Surplus Account	90,000	32,000
(2) Current Liabilities		
Creditors	50,000	21,000
Total Equity and Liabilities	29,40,000	4,53,000
II Assets		
(1) Non-Current Assets		
(a) Fixed Assets:		
Land & Buildings	6,00,000	
Plant & Machinery	15,50,000	
Furniture		25,000
Motor Vehicles		40,000
Intangible Assets:		
Good Will		70,000
Patents	2,00,000	
Investment		
(2) Current Assets		
Stocks	3,50,000	2,39,000
Debtors	80,000	62,000
Cash at Bank	1,60,000	17,000
Total Assets	29,40,000	4,53,000

It has been agreed that both these companies should be wound up and a new company J.K Ltd. should be formed to amalgamate both the companies:

- (i) J.K. Ltd. is to have an authorized capital of Rs.30,00,000 divided into 50,000 5% cumulative preference shares of Rs.10 each and 2,50,000 equity shares of Rs.10 each.
 (ii) J.K Ltd. is to purchase the whole of the assets of M.Ltd. (except cash and bank balances) for Rs.27,95,000 to be settled as to Rs.5,45,000 in cash and as to the balance by issue of 1,80,000 equity shares, credited as fully paid, to be treated as valued at Rs.12.50.
 (iii) J.K Ltd. is to purchase the whole assets of the K Ltd. (except cash and bank balances) for Rs. 3,81,000 to be settled as to Rs.6,000 in cash and as to the balance by issue of 30,000 equity shares, credited as fully paid, to be treated as valued at Rs.12.50.
 (iv) J.K Ltd is to make a public issue price of 50,000 5% cumulative preference shares at par and 30,000 equity shares at the issue price of Rs.12.50 per share, all payable in full on application
 (v) M.Ltd. and K.Ltd. both are to be wound up, the two liquidators distributing the shares in J.K Ltd. in kind among the equity shareholders of the respective companies.
 (vi) The liquidator of M Ltd. is to pay the preference shareholders Rs.10 in cash for every share held in full satisfaction of their claims.

It is estimated that the cost of liquidation (including the liquidators remuneration) will be Rs.5,000 in case of M.Ltd. and Rs.2,000 in the case of K Ltd. The scheme has been sanctioned and carried through in its entirety:

You are required to prepare closing entries in the books of M Ltd. in the form of journal entries together with the closing cash book entries.

12.(a). Difference between Financial Statement and Financial Report.

CO5 K1

(or)

12.(b). Explain the contents of Annual Report.

CO5 K2