

Code: 12E01304

MBA III Semester Regular Examinations April 2014

CORPORATE ACCOUNTING

(For students of Finance admitted in 2012 only)

Time: 3 hours

Max. Marks: 60

Answer any FIVE questions
All questions carry equal marks

- 1 Differentiate shares and debentures. What are the methods of redemption of debentures?
- 2 What are bonus shares? What are the SEBI guidelines for issue of bonus shares?
- 3 What is purchase consideration? Explain two methods for calculating purchase consideration.
- 4 What is the need for valuation of goodwill? Write different methods of valuation of goodwill.
- 5 Liquidation of YZ limited commenced on 2nd April, 2004. Certain creditors could not receive payments out of the realization of assets and out of the contributions from A list contributories. The following are details of certain transfers which took place in 2003 and 2004:

Share holders	No. of shares transferred	Date of ceasing to be a member	Creditors remaining unpaid & o/s on date of such transfer
A	2000	1 st Mar, 2003	Rs. 5,000
P	1500	1 st May, 2003	Rs. 3,300
Q	1000	1 st Oct, 2003	Rs. 4,300
R	500	1 st Nov, 2003	Rs. 4,600
S	300	1 st Feb, 2004	Rs. 6,000

All the shares were of Rs. 10 each, Rs. 8 per share paid up. Show the amount to be realized from the various persons listed above ignoring expenses and remuneration to liquidator etc.

- 6 A limited and B limited are two companies carrying business in same line of activity. Their balance sheets as on 31st March, 2014 are as given below:

Liabilities	A limited	B limited	Assets	A limited	B limited
Fully paid up equity shares of Rs. 10 each	6,00,000	2,00,000	Land & Building	1,00,000	-
General reserve	4,00,000	2,00,000	Plant & Machinery	7,00,000	3,00,000
Secured loan	6,00,000	1,00,000	Investment	1,00,000	-
Current liabilities	6,00,000	4,00,000	Stock	9,00,000	4,00,000
			Debtors	3,00,000	1,00,000
			Cash at bank	1,00,000	1,00,000
	22,00,000	9,00,000		22,00,000	9,00,000

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(6th question continued from page 1)

The two companies decided to amalgamate into AB limited. The following further information is given:

- ❖ A limited holds 8,000 shares in B limited @ 12.50 each.
- ❖ All assets and liabilities of two companies except investments are taken over by AB limited.
- ❖ Each share in B limited is valued @ Rs. 25/- for the purpose of the amalgamation.
- ❖ Shareholders in A limited and B limited are paid off by issuing to them sufficient number of equity shares of Rs. 10 each in AB limited as fully paid up at par.
- ❖ Each share in A limited is valued @ Rs. 15/- for the purpose of amalgamation. Show journal entries to close the books of both the companies.

- 7 (a) Indicate briefly the steps involved in determining the amount of claim for the loss of the stock to be lodged with the insurance company.
- (b) What is the difference between commission on reinsurance accepted and commission on reinsurance ceded?
- 8 From the following information you are required to prepare the profit and loss account of the ABC bank for the year ended 31.03.2014, under the provisions of ACT applicable there to:

	Rs. (000)		Rs. (000)
Interest on loans	518	Postage, telegrams & telephones	2.8
Interest on cash credits	446	Sundry charges	2
Discount on bills discounted	390	Advertisement & publicity	1.4
Interest on overdraft	108	Director's fees	6
Interest on savings bank deposits	220	Printing & stationary	0.4
Interest on fixed deposits	554	Law charges	1.4
Commission exchange & brokerage	16.4	Payment to employees	108
Rent, taxes & lightning	36	Lockers rent	0.7
Auditors fee	2.4	Transfer fees	1.4
		Depreciation on bank property	10

Other information: Rebate on bills discounted Rs. 98,000/- and provide for bad debts Rs. 58,000/-.
