21100518

QP CODE: 21100518

Reg No : .....

Name : .....

B.Com DEGREE (CBCS)EXAMINATION, MARCH 2021

Third Semester

Core Course - CO3CRT07 - CORPORATE ACCOUNTING I

(Common to all B.Com Degree Programmes)

2017 Admission Onwards

F23E50C2

Time: 3 Hours

Max. Marks : 80

Part A

*Answer any **ten** questions.*

Each question carries 2 marks.

1. Journalise issue of shares against the formation expenses to promoters.
2. What are preference shares?
3. ABC Ltd had issued 2,00,000 equity shares of Rs.10 each. It was decided to issue bonus shares out of its general reserve of Rs.10,00,000 at the rate of one share of Rs.10 each at Rs.12 for every 5 shares held. Give journal entries.
4. What are the rules regarding underwriting commission as per SEBI?
5. What is meant by capital work in progress and intangible assets under development?
6. From the following particulars calculate weighted time ratio for pre and post incorporation period and share the salaries accordingly.

   Accounting period – 01.01.2015 to 31.12.2015

   Date of incorporation – 01.04.2015

   Total salaries for the year ` 20,00,000

   Total number of workers:

   Pre-incorporation period – 10

   Post-incorporation period – 20
7. What is capital reserve? Give two capital profits which can be transferred to capital reserve.

8. How will you treat inadequate provision for tax in the previous year while preparing final accounts?

9. What are the objectives of investment ledger?

10. How is right issue treated in investment accounts?

11. How will you deal with abnormal items in loss of stock polices?

12. What are short sales? How will you compute it?

(10×2=20)

Part B

Answer any six questions.

Each question carries 5 marks.

13. Distinguish between Capital Reserve and Reserve Capital.

14. Suraj Ltd. has 10,000, 6% Redeemable preference shares of ₹ 100 each fully paid. It is resolved to redeem the preference shares at par. The company has General Reserve of ₹ 3,00,000 P&L Account Balance ₹ 2,00,000 and Capital Reserve ₹ 50,000. It is also resolved to utilise the available fund and to issue sufficient number of equity shares of ₹ 10 each at a premium of ₹ 4 per share to provide required fund for redemption. Calculate the number of Equity shares to be issued. Also give the journal entries for the issue and redemption.

15. A Ltd had issued capital of Rs.1,00,00,000 in equity shares of Rs.10each. The balance in Securities Premium was Rs.1,00,000 and General Reserve Rs.15,00,000. The company decided to buy back 20% of its share capital direct from its shareholders at Rs.8 per share. The company decided to issue 10% Preference shares of Rs.3,00,000 and 12% Debentures of Rs.2,00,000 for the purpose of buy back.All the shares and debentures were subscribed. Record the transactions relating to buy back in the book of the company in accordance with the provisions of section 68 of the Companies Act 2013.

16. Z ltd issued 30000 shares of Rs.10 each. The issue was underwritten by X- 30%,Y - 30%, and Z - 20%. The company received aplication for 25000 shares. Determine the liability of the underwriters.

17. Give notes on:
    a) Money Received Against Share Warrants
    b) Share Application Money Pending Allotment
    c) Deferred Tax Assets and Liabilities

18. Eagle Ltd. was incorporated on 01-04-2015 in order to take over a running business from 01.01.2015. Accounts are closed on 31.12.2015. You are required to calculate sales ratio.

Additional Information:

a) Sales for the year – Rs. 9,60,000
b) January sales – Twice the average
c) February sales – Average sales
d) May to August – 1/4th of average sales
e) October to November – 3 times the average sales

19. Explain the legal provisions regarding payment of managerial remuneration u/s 197.

20. On 01.12.2017, Sachin purchased 200, 6% debentures of Rs 100 each at Rs 104 ex-interest per debenture. He paid 0.5% brokerage in this connection. Interest is payable on 30th June and 31st December. Pass Journal entries in the books of Sachin. He closes his books on every 31st December.

21. A fire occurred at the premises of a trader on 31.05.2018 destroying a great part of stock. Stock on 01.01.2018 was Rs 60,000. The value of stock Salvaged was Rs 13,500. The gross profit on sales was 30% and sales amounted to Rs 1,53,000 from January to the date of fire, while for the same period the purchases was Rs 1,03,500. Prepare the statement of claim.

(6×5=30)

Part C

*Answer any **two** questions.*

*Each question carries **15** marks.*

22. Patanjali Ltd. issued 50,000 shares of Rs10 each payable as follows:

On application – Rs 2
On allotment – Rs 3
On first call – Rs 2
On final call – Rs 3

All moneys were received except the following:

(a) 'A', the holder of 1,000 shares failed to pay the allotment and calls.
(b) 'B', the holder of 2,000 shares failed to pay the two calls.
(c) 'C', the holder of 3,000 shares failed to pay the final call.

All the above shares were forfeited after the final call. Subsequently the forfeited shares were reissued at a discount of 10%. Give journal entries.

23. You are required to prepare statement of Profit and Loss of Laze Ltd. for the year ended 31st March 2018.

Sales	7,50,000
Opening stock	68,000
Furniture & Fittings	50,000
Discount	8,000
Advertisement	4,000
Bad debt	3,500
Commission	12,000
Purchases less Returns	2,50,000
Rentals	3,000
Excise Duty	800
Interest Expense	12,000
Other borrowing cost	4,000
Salaries and Wages	9,000
Plant and Equipment	1,00,000
Debenture interest	4,000
Building	2,00,000
Dealer aids	7,000
Distribution freight	4,000
Trading commission	8,000
Power and Fuel	1,000
Transit insurance	1,000
Transfer fees received	700
Sundry Debtors	40,000

Additional information:

a) Closing stock is valued at Rs 40,000

b) Make a provision for bad debt @10%

c) Depreciate plant and equipments by 20%, buildings @5% and furniture and fittings @10%

d) Income tax rate – 30%

24. Following transactions of Trader Ltd. took place during the year ended 31.03.2018.

a) 01.04.2017 : Purchased Rs 12,00,000 8% bonds at Rs 80.5 cum-interest. Interest is payable on 1st November and 1st May.

b) 12.04.2017 : Purchased 1,00,000 equity shares of Rs 10 each in X Ltd for Rs 40,00,000.

c) 01.05.2017 : Received half-years interest on 8% bonds.

d) 15.05.2017 : X Ltd. made a bonus issue of three equityshares for every two held. Trader Ltd. sold 1,25,000 bonus shares at Rs 20 each.

e) 01.10.2017 : Sold Rs 3,00,000 8% bonds at Rs 81 ex-interest.

f) 01.11.2017 : Received half year's bond interest.

g) 01.12.2017 : Received 18% dividend on equity shares in X Ltd.

Prepare relevant investment accounts in the books of Trader Ltd. for the year ended 31.03.2018.

25. On 01.11.2017, a severe fire broke out in the premises of B Ltd. The indemnity period lasted for 4 months during which sales of the company were reduced to ` 2,00,000 only. The company closes its accounts on 30th June every year. The Statement of Profit and Loss for the year ended 30.06.2017 is given below.

Particulars	
Revenue from Operations (Sales)	47,50,000
Less: Purchases	30,00,000
Changes in Inventory (Opening stock – Closing stock 5,00,000 – 2,50,000)	2,50,000
Variable expenses	7,87,500
Insured standing charges	3,62,500
Net Profit	3,50,000

The company took a loss of profit policy for a sum of ` 6,00,000. The sales of the company for the 12 months ending the date of fire were ` 50,00,000 and for the 4 months from 01.11.2016 to 28.02.2017 were ` 15,00,000. It was noted that the sales for the first four months of the year under indemnity were 20% higher than previous year. Compute the claim for loss of profit.

(2×15=30)