QP CODE: 18103378

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Reg No : .....

Name : .....

B.Com. DEGREE (CBCS) EXAMINATION, NOVEMBER 2018

Third Semester

CORE COURSE - CO3CRT07 - CORPORATE ACCOUNTING I

(Common to all B.Com Degree Programmes)

2017 Admission Onwards

21A794C8

Maximum Marks: 80

Time: 3 Hours

Part A

Answer any **ten** questions.

Each question carries **2** mark.

1. What is one person company?
2. A Ltd. forfeited 750 shares of ₹ 10 each fully called up for non payment of final call of ₹ 3 per share. These shares were re-issued at ₹ 8 per share fully paid up. Find the Capital Reserve.
3. List out the sources of funds available for the redemption of preference shares.
4. What is complete underwriting? Give example
5. What are financial statements u/s 2 (40)?
6. What do you mean by notes to accounts?
7. What is current asset as per schedule III?
8. *From the following, apportion the amount of rent*

Rent paid	*– 14,000*
Accounting period	*– 01.01.2017 to 31.12.2017*
Date of incorporation	*– 01.05.2017*
Area occupied (Before 01.05.2017)	*– 5,000 sq.ft*
Area occupied (After 01.05.2017)	*– 15,000 sq.ft*

9. Define investments as per AS-13.
10. What is investment account?
11. What kinds of risks are covered under fire policies?
12. What is meant by loss of profit policy?

(10×2=20)

Part B

Answer any **six** questions.

Each question carries **5** marks.

13. What is Capital Redemption Reserve? Why is it created? What is the purpose of which it can be utilised? Give journal entry for the creation of CRR.

14. Distinghush between Sweat equity shares and ESOP.

15. What are the conditions for buy back of equity shares as per section 68(2)of the companies Act 2013?

16. Max Ltd issued 150000 equity shares of Rs. 10 each. The whole issue was underwritten by Pan ltd and San ltd to the extent of 70 % and 30% respectively. Max ltd received 125000 share applications of which the marked applications were Pan - 45000 and San - 25000. Determine the liability of Pan Ltd and San ltd.

17. Prepare relevant Notes to Accounts:

Particulars	Rs. in 000's
Sales	2,730
Trading Commission	60
Excise Duty	185
Interest Income	20
Dividends from Companies	10
Net gain on sale of Investments	4
Rental Income	15
Rental collection Expenses	1

18. *A firm was carrying on business from 01.01.2017 get itself incorporated as a company on 01.05.2017. The first accounts are drawn upto 30.09.2017. The following information is available with you.*

a) Gross profit for the period ` 56,000

b) The general expenses are ` 14,220; directors fees ` 12,000 p.a, formation expenses ` 1,500; Rent upto 30.06.2017 is ` 1,200 p.a., after which it is increased to ` 3,000 per annum.

c) Salary of the manager, who upon incorporation of the company was made a director, is ` 6,000 p.a. His remuneration thereafter is included in the above figure of fees to directors.

d) The net sales are ` 8,20,000, the monthly average of which for first four months of 2017 is one half of that of the remaining period, the company earned a uniform profit.

e) Ignore interest and tax.

Prepare a Statement showing pre and post-incorporation profits

19. Deep Ltd has a paid up equity share capital of Rs 15,00,000 divided into 1,50,000 shares of Rs 10 each and 12% preference share capital of Rs 5,00,000 divided into preference shares of Rs 100 each. The balance of surplus brought forward from the previous balance sheet was Rs 50,000.
The profits for the year ended 31-03-2018 amounted to Rs 7,80,000 (before providing for taxation Rs 1,00,000). The directors proposed
a) Transfer to reserves @ 5%
b) A dividend of 15% on equity share capital
c) Rate of Corporate Dividend Tax is 20%.
Calculate surplus to be taken to Balance sheet

20. *On April 2017, Mr. Kailas had 20,000 Equity shares in X Ltd. (Face value Rs 10, book value Rs 14 each). On June 1, 2017, Mr. Kailas purchased 5,000 equity shares more in X Ltd. @ Rs 14 each. On 01.09.2017, X Ltd, declared a dividend @ 15% for the year 2016-17. Mr. Kailas received the same on 20.09.2017. Show Investment Account upto 20.09.2017.*

21. A trader intends to take a loss of profit policy with indemnity period of 6 months. However, he could not decide the policy amount. From the following details, suggest the policy amount.

Turnover in previous financial year 4,50,000
Standing charges in last financial year 90,000

Net profit earned in last year was 10% of turnover, and the same trend expected in subsequent year. Increase in turnover expected is 25%. To achieve additional sales, the trader has to incur additional expenditure of ₹ 31,250.

(6×5=30)

Part C

Answer any **two** questions.

Each question carries **15** marks.

22. The following is the Balance Sheet of H Ltd. as on June 30, 2017

Liabilities	₹	Assets	₹
30,000 6% Redeemable Pref. Shares of ₹ 10 each, fully paid	3,00,000	Fixed Assets	10,00,000
60,000 Equity shares of ₹ 10 each, fully paid	6,00,000	Investments	2,10,000
Securities Premium Account	2,90,000	Stock in trade	4,40,000
General Reserve	4,00,000	Sundry Debtors	1,60,000
P&L Account	2,45,000	Cash at Bank	2,20,000
Sundry Creditors	1,95,000		
	20,30,000		20,30,000

The company exercised its option to redeem, on July 1, 2017 the whole of the Preference Shares Capital at a premium of 5%. To assist in financing the redemption, all the investments were sold, realising ₹ 1,95,000. On August 1, 2017 the company made a bonus issue of seven Equity Shares fully paid for every six Equity shares held on that date.

The appropriate resolution having been passed, the above transactions were duly completed. Show the journal entries and prepare the Balance sheet.

23. The following are the ledger balances of Essar Ltd.

Debit balances	Rs	Credit balances	Rs
Opening stock	30,000	Equity Capital	8,00,000
Purchases	1,36,000	General Reserve	1,80,000
Wages	10,000	Surplus A/c	1,30,000
Salaries	12,000	8% Debentures	3,00,000
Office expenses	28,000	10% Loans	1,00,000
Depreciation on plant	30,000	Sales	4,40,000
Debtors	2,40,000	Creditors	40,000
Furniture	3,00,000	Bills Payable	10,000
Plant	6,00,000		
Bills Receivable	3,000		
Audit Fees	13,000		
Investment	5,00,000		
Debenture Interest	24,000		
Interest on Loans	10,000		
Bank Balance	15,000		
Cash in hand	49,000		
	20,00,000		20,00,000

Adjustments:

a) Closing stock – Rs. 83,000
b) Provision for taxation – Rs.50,000

c) Transfer to General Reserve – Rs. 60,000

d) Directors recommended a dividend of 10%

Prepare final accounts of the company as per Schedule III of the Companies Act, 2013.

24. *B & L Ltd. furnishes the following details relating to his holding in 8% Debentures (Rs 100) of P Ltd, held as current assets.*

01.04.2017 : Opening Balance – Face value – Rs 1,20,000 and Cost Rs 1,18,000

01.07.2017 : Purchased 100 Debentures ex-interest at Rs 98

01.10.2017 : Sold 200 Debentures ex-interest at Rs 100

01.01.2018 : Purchased 50 Debentures at Rs 98 cum-interest

01.02.2018 : Sold 200 Debentures ex-interest at Rs 99.

Due dates of interest in 30th September and 31st March.

B & L Ltd. closes books on 31.03.2018. Brokerage at 1% is to be paid for each transaction. Show Investment Account as it would appear in his books. Assume FIFO Method. Market value of 8% Debentures of P Ltd on 31.03.2018 is Rs 99.

25. C Ltd has a loss of profit policy of ` 21,00,000. The period of indeminity is 3 months. A fire occurred on 31.03.2018. The following information is available.

Sales:

For the year ending 31.12.2017	70,00,000
For the period from 01.04.2017 to 31.03.2018	80,00,000
For the period from 01.04.2017 to 30.06.2017	18,00,000
For the period from 01.04.2018 to 30.06.2018	1,20,000
Standing charges for 2017	16,00,000
Net profit for 2017	5,00,000
Savings in standing charges because of fire	50,000
Additional expenses to reduce loss of turnover	1,00,000

Assuming no adjustment has to be made for the upward trend in turnover, compute the claim to be made on the insurance company.

(2×15=30)