QP CODE: 25046285

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Reg No : .....

Name : .....

B.COM DEGREE (CBCS) IMPROVEMENT / REAPPEARANCE / MERCY CHANCE EXAMINATIONS, NOVEMBER 2025

Third Semester

Core Course-CO3CRT07 - CORPORATE ACCOUNTING I

(Common to all B.Com Degree Programmes)

2017 Admission Onwards

386F6523

Time: 3 Hours Max. Marks : 80

Instructions to Private candidates only: This question paper contains two sections. Answer SECTION I questions in the answer-book provided. SECTION II, Internal examination questions must be answered in the question paper itself. Follow the detailed instructions given under SECTION II

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 redeemable preference shares? Can a Company issue preference shares with a maturity period of 35 years?
3. What are sources of buy back of shares?
4. Differentiate joint and syndicate underwriting.
5. What is a current asset as per schedule III?
6. How will you apportion the following items while calculating profit prior to incorporation?
   a) Transfer Fees Received b) Directors Fees c) Partners Salary d) Interest on Capital.
7. What do you mean by dividend?
8. What is dividend distribution tax? How will you treat it in final accounts?
9. How will you value non-current investments?
10. How do you deal with profit on sale of investments?
11. How will you deal with the following items in the calculation of claim under loss of stock policies?

a) Fire fighting expenses b) goods received on approval basis but lost by fire c) Goods sent on approval basis, not received by the customer d) Goods at the godown without purchase invoice.

12. What do you mean by increased cost of working? How will you compute the allowable increased cost of working?

(10×2=20)

Part B

Answer any six questions.

Each question carries 5 marks.

13. Explain different modes of issue of shares.

14. A company has 25,000 Redeemable preference shares of ₹ 10 each fully paid. The company decides to redeem the shares on 31st March 2018 at a premium of 5%. The company has sufficient profits, but in order to augment liquid funds the following issues were made:

    1. 1000 6% Debentures of ₹ 100 each at par.
    2. 4000 Equity shares of ₹ 10 each at a premium of ₹ 1 per share.

    The issues were fully subscribed and all the amounts were received. The redemption was duly carried out. Give journal entries.

15. What are the SEBI Guidelines for issue of bonus shares?

16. K Ltd issued 100000 equity shares of Rs.10 each at par. The entire issue was underwritten by A, B and C each by 60000, 30000 and 10000 shares respectively. A, B and C also applied 8000, 10000, and 2000 shares firm, respectively. The company received 80000 shares comprising of marked applications of A- 20000 shares, B - 14000 shares and C - 6000 shares. Prepare a statement of underwriters' liability and commission payable assuming 2.5 % as rate of commission.

17. How will you disclose the following items while preparing the Balance Sheet of a company as per schedule III to the Companies Act, 2013?

    a) Share Application Money Pending Allotment
    b) Security Deposit for Telephone
    c) Proposed Dividend
    d) Preliminary Expenses
    e) Premium on redemption of Debentures

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

20. On 31.03.2017, X Ltd purchased Rs 2,00,000 6% Government stock (face value of Rs 100) at Rs 95 each ex-interest. Half yearly interest is payable on 30th June and 31st December every year. Show entries in the investment ledger of X Ltd. for its financial year ended 31.12.2017 ignoring income tax and brokerage.

21. Meera has a wholesale shop of garments. On 30.09.2017, a fire occurred at his warehouse and the greater portion of his stock was destroyed. The value of stock salvaged was agreed at ` 5,940. The insurance policy for stock destroyed was for ` 4,50,000.

The summarised Trading Account for the year ended 31.12.2016 is as follows.

Sales			15,00,000
Closing stock			3,93,750
			18,93,750
Less: Opening stock		3,09,375	
Purchases		13,59,375	16,68,750
Gross Profit			2,25,000

The transactions for the period from 01.01.2017 to 30.09.2017 were as under:

Sales	75,000
Payment to creditors	80,010
Creditors (01.01.2017)	1,13,000
Creditors (30.09.2017)	1,15,490

You are required to submit claim for insurance for loss of stock.

(6×5=30)

Part C

*Answer any **two** questions.*

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

22. A Ltd. Invited applications for 10,000 shares of ₹ 100 each at a discount of 6% payable as ₹ 25 on Application, ₹ 34 on Allotment and on ₹ 35 on First and Final call. The applications received were for 9,000 shares and all of these were accepted. All moneys due were received except the first and final call on 100 shares which were forfeited, 50 shares were re-issued ₹ 90 as fully paid. Assuming that all requirements of the law were compiled with, pass entries in the bank account and journal of the company. Also show these transactions will be reflected in the company's Balance Sheet.

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. Tandon carried out the following transactions in the shares of Bright Ltd.

a) On 01.04.2017, he purchased 20,000 equity shares of Rs 1 each fully paid for Rs 30,000.

b) On 15.05.2017, Tandon sold 4,000 shares for Rs 7,600.

c) At a meeting on 15.06.2017, the company decided:

i) To make a bonus issue of one fully paid share for every four shares held on 01.06.2017; and

ii) To give its members, the right to apply for one share for every five shares held on 01.06.2017 at a price of Rs 1.50 / share of which 75 paise is payable on or before 15th July, 2017 and the balance 75 paise per share, on or before 15th September, 2017.

The shares issued under (i) and (ii) were not to rank for dividend for the year ending 31.12.2017.

d) Tandon received his bonus shares and took up 2,000 shares under the rights issue, paying the sums thereon when due and selling the rights to the remaining shares at 40 paise/share; the proceeds were received on 30.09.2017.

e) On 15.03.2018, he received a dividend from Bright Ltd. of 15% in respect of the year ended 31.12.2017.

f) On 30.03.2018 he received Rs14,000 for the sale of 10,000 shares.

Prepare Tandon's investment account. Apply Average Cost basis. Expenses and tax to be ignored.

25. A fire occurred on 01.02.2018, in the premises of Perfect Ltd. a retail store, and business was partially disorganized upto 30.06.2018. The company was insurred under a loss of profit policy for ` 1,25,000 with a six months indemnity period. Compute the amount of claim from the following information.

Partiuclars	
Actual turnover (01.02.2018 to 30.06.2018)	80,000
Turnover (01.02.2017 to 30.06.2017)	2,00,000
Turnover (01.02.2017 to 31.01.2018)	4,50,000
Net profit for 2017-2018	70,000
Insured standing charges for last financial year	56,000
Total standing charges for last financial year	64,000
Turnover for last financial year	4,20,000

The compnay incurred additional expenses amounting to ` 6,700 which reduced the loss in turnover. There was also a saving during the indemnity period of ` 2,450 in the insured standing charges as a result of fire. There had been a considerable increase in trade since the date of annual accounts and it has been agreed that an adjustment of 15% be made in respect of the upward trend in turnover.

(2×15=30)