QP CODE: 19102078

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Reg No : .....

Name : .....

B.Com. DEGREE (CBCS) EXAMINATION, OCTOBER 2019

Third Semester

CORE COURSE - CO3CRT07 - CORPORATE ACCOUNTING I

(Common to all B.Com Degree Programmes)

2017 Admission Onwards

427CA00C

Maximum Marks: 80 Time: 3 Hours

Part A

*Answer any **ten** questions.*

*Each question carries **2** marks.*

1. What is over subscription of shares?
2. What is meant by cumulative preference shares? How will you deal with arrears of preference dividend in the financial statements of companies?
3. What is Escrow account?
4. Differentiate an underwriter from a broker.
5. What are financial statements u/s 2 (40)?
6. How will you treat loss on issue of debentures in final accounts?
7. How will you treat transfer to reserves in final accounts?
8. How will you treat dividend distribution tax in final accounts?
9. Define current investments. How will you value it?
10. How do you deal with profit on sale of investments?
11. Why is fire insurance policy important for business units?
12. What do you mean by salvaged stock?

(10×2=20)

Part B

*Answer any **six** questions.*

*Each question carries **5** marks.*

13. What do you mean by issue of shares for consideration other than cash? Give journal entries for the same.

14. Biju Ltd. Has redeemable preference share capital of ₹ 20,00,000 in shares of ₹ 10 each ready for redemption. It is resolved to redeem shares at a premium of 20% by utilising the divisible profit and by issuing sufficient number of equity shares of ₹ 10 each. The company has Securities Premium account balance of ₹ 4,00,000, profit & Loss account (Cr) ₹ 10,00,000, general reserve ₹ 9,00,000 and Capital Redemption Reserve of ₹ 2,00,000 as on the date of resolution. Calculate the number of shares to be issued for the purpose of redemption. Also give journal entries for redemption.

15. What are the advantages of right issue?

16. Mazon Ltd issued 50000 shares at a premium of Rs. 10 per share. The entire issue was underwritten by X - 30000 shares; Y- 15000 shares; Z- 5000 shares. They also applied shares firm X - 5000 shares; Y - 2000 shares; Z - 1000 shares. Out of the issue 45000 shares including firm underwriting were subscribed. Marked forms were X - 16000 shares; Y - 10000 shares; Z - 4000 shares. Calculate the liability of each underwriter assuming shares underwritten are treated as unmarked applications

17. From the following information, prepare Statement of Profit and Loss of Aaron Ltd. for the year ended 31st March 2018.

Particulars	Rs. In Lakhs
Revenue from Operations	3,000
Other Income	500
Cost of Material consumed	1,000
Changes in Inventories	(250)
Employee Benefits Expense	800
Finance costs	15
Depreciation and Amortization Expense	150
Other Expenses	125
Tax rate @ 30%	

18. Explain the accounting steps involved in the calculation of profit/loss prior to incorporation.

19. Anu and Radha working in partnership, registered a joint stock company under the name of 'Anuradha Ltd' on 01.09.2017 to take over the business with effect from 01.04.2017

Profit and Loss Account for the year ending 31.03.2018

To Salaries and wages	5,000	By Gross Profit b/d	42,000
Debenture interest	2,500		
Depreciation	1,000		
Interest on purchase consideration (upto 30.09.2017)	5,400		
Directors fees	400		
Preliminary expenses written off	500		
Selling commission	6,000		
Provision for taxes	2,500		
Dividend on equity shares @5%	3,000		
Net Profit	15,700		
	42,000		42,000

Sales for the year totalled Rs 1,12,500 out of which Rs 75,000 related to the period from 01.09.2017 to 31.03.2018. You are required to statement showing profit prior to incorporation and profit after incorporation.

20. On 01.04.2017, SX Ltd had 20,000 equity shares of Beta Ltd. face value Rs 10 each, purchased Rs 15 each, brokerage 2%. On 01.07.2017, SX Ltd purchased another 10,000 shares at par, brokerage being 2%. On 01.09.2017 Beta Ltd issued bonus shares, one share being issued for every 5 shares held. On 01.12.2017, SX Ltd. sold 15,000 shares @ Rs 12 each, brokerage @ 2%. Prepare investment account

21. A fire occurred in the premises of Monikattil Agencies on 01.04.2017 and a considerable part of the stock was destroyed. The stock salvaged was ` 56,000. A fire insurance policy for ` 3,42,000 was taken to cover then loss of stock by fire. You are required to ascertain the amount of claim.

Purchases during 2016	-	18,76,000
Sales during 2016	-	23,20,000
Purchases from 01.01.2017 to 01.04.2017	-	3,64,000
Sales for the above period	-	4,80,000
Stock (01.01.2016)	-	2,88,000
Stock (31.12.2016)	-	4,84,000
Wages paid during 2016	-	2,00,000
Wages paid from 01.01.2017 to 01.04.2017	-	36,000

Fire also broke out on 21.12.2016 and destroyed stock of the estimated cost of ` 1,00,000. There was a practice in the concern to value stock at cost less 10%, but all of sudden this practice was changed and stock on 31.12.2016 was valued at cost plus 10%.

(6×5=30)

Part C

Answer any two questions.

Each question carries 15 marks.

22. Liabilities and Assets of Manu Ltd. on 31st March, 2017 were as follows

Liabilities	₹	Assets	₹
10,000 8% Redeemable Preference Shares @ ₹ 10 each, ₹ 9 per share paid up	90,000		
50,000 Equity share of ₹ 10 each fully paid up	5,00,000	Fixed Assets	4,50,000
General Reserve	1,20,000	Cash at Bank	6,50,000
Surplus Account	2,00,000		
10% Debentures	50,000		
Creditors	1,40,000		
	11,00,000		11,00,000

The company decided to:

1. Redeem preference shares at a premium of 8%

2. Issue one bonus share to equity shareholders for every five held.

Give journal entries and prepare balance sheet after the redemption.

23. On 31-03-2018, Ananya Ltd. provides to you the following ledger balances after preparing its statement of Profit and Loss. Prepare Balance sheet.

Particulars	Rs
Share capital	69,93,000
Reserves and Surplus	26,47,400
Long-term Borrowings	16,97,000
Trade payables	14,00,000
Other current Liabilities	2,00,000
Short term provisions	3,25,500
Tangible Assets	74,75,000
Intangible Assets	4,00,000
Inventories	17,50,000
Trade Receivables	14,00,000
Cash and Cash Equivalents	19,39,000
Short-term Loans and Advances	2,98,900

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. From the following details, calculate Consequential Loss Claim.

1. Date of Fire: 1st September
2. Indemnity Period: 6 months
3. Period of Disruption: 1st September to 1st February
4. Sum Insured: ` 1,08,900.
5. Sales were ` 6,00,000 for the preceding financial year ended on 31st March.
6. Net Profit for preceding Financial Year ` 36,000 plus Insured Standing Charges ` 72,000
7. Rate of Gross Profit 18%.
8. Uninsured Standing Charges ` 6,000.
9. Turnover during the Disruption Period ` 67,500.

10. Annual Turnover for 12 months immediately preceding the date of fire ` 6,60,000

11. Standard Turnover, i.e. for corresponding months (1st Sep to 1st Feb) in the year preceding the date of fire 2,25,000

13. Reduced Turnover avoided through increase in Working Capital 30,000

12. Increase in Cost of Working Capital 12,000 with saving of Insured Standing Charges 4,500 during Disruption Perio

14. Special Clause stipulated (a) Increase in rate of GP 2%, and (b) Increase in Tumover (Standard and Annual) 10%.

(2×15=30)