QP CODE: 24026992

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Reg No : .....

Name : .....

B.COM DEGREE (CBCS) REGULAR / IMPROVEMENT / REAPPEARANCE EXAMINATIONS, OCTOBER 2024

Third Semester

Core Course - CO3CRT07 - CORPORATE ACCOUNTING I

(Common to all B.Com Degree Programmes)

2017 Admission Onwards

AECC9335

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. What is one person company?
2. What is ESOP?
3. What is Escrow account?
4. What is underwriting?
5. What are the requirements of financial statements u/s 129?
6. What do you mean by deferred tax liability? How will you show it in the Balance Sheet?
7. How will you apportion the following items? a) Tax Audit Fees b) Audit Fees
8. What do you mean by surplus account?
9. What do you mean by investment ledger?
10. How do you deal with profit on sale of investments?
11. What do you mean by insurance claims?
12. How will you calculate the allowable increased cost of working in consequential policies?

(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. ABC Ltd. 4,000 10% redeemable preference shares of ₹ 10 each fully paid. The company decides to redeem the shares on 31st March 2017 at a premium of 5%. The company makes the following issues.

    1. 1,000 Equity shares of ₹ 10 each at a premium of 10 %
    2. 1,000 9% debentures of ₹ 10 each

    The issue was fully subscribed and all the amounts were received. The redemption was duly carried out. The company has sufficient profits. Give journal entries.

15. Explain the provisions in the Companies Act for offering share under ESOP.

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. From the following data, prepare relevant Notes to Accounts:

Particulars	Rs. in 000's
Salaries	250
Wages	150
Contribution to PF	200
Contribution to Gratuity	72
Staff welfare expense	150
Expenses on ESPP	28
Outstanding Wages	50
Interest Expense	25
Brokerage	5
Interest on Debentures	6

18. Nupa Ltd. took over on behalf of the a running business with effect from 01.04.2017. The company got incorporated on 01.08.2017. The annual accounts were made upto 31.03.2018. It disclosed that
    a) Sales for the year – Rs 1,600 lakhs
    b) Sales till 31.07.2017 – Rs 400 lakhs

c) Gross profit ratio – 25%

The expenses from 01.04.2017 to 31.03.2017 were as follows

Particulars	Rs (lakhs)
Salaries	69
Rent, rates and insurance	24
Sundry office expenses	66
Travellers commission	16
Discount allowed	12
Bad debt	4
Directors fees	25
Tax audit fees	9
Depreciation	12
Debenture interest	11

Prepare a statement showing the calculation of profits for the pre-incorporation and post-incorporation periods.

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

20. ABC purchased 12% SBI Bonds of ₹ 30,000 at 99 ex-interest on 1st September 2013. Brokerage being 2% on face value and Securities Transaction Tax ₹ 10. The interest is paid half yearly on 30th June and 31st December. He closes his books of accounts on 31st March.Calculate capital cost of investment and interest received during the year. Also, calculate accrued interest on 31-03-2014.

21. What is under-insurance? Illustrate with an example.

(6×5=30)

Part C

*Answer any **two** questions.*

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

22. The following is the Balance Sheet of Nagarjuna Ltd. as on 31-3-2018.

Balance Sheet

Liabilities		**Assets**	
Share Capital:		Fixed Assets	
1,50,000 Equity shares of Rs 10 each	15,00,000	Land & Buildings	10,00,000
		Plant & Machinery	8,00,000
50,000, 12% Preference shares of Rs10 each	5,00,000	Furniture & Fittings	4,00,000
Reserves and Surplus		Current Assets	
Capital Redemption Reserve	50,000	Stock	2,00,000
Securities Premium	40,000	Sundry Debtors	1,40,000
General Reserve	2,10,000	Investments	3,00,000

Profit & Loss A/c	2,00,000	Cash at Bank	1,60,000
Current Liabilities			
Sundry Creditors	5,00,000		
	30,00,000		**30,00,000**

The preference shares are to be redeemed at a premium of 10%. Fresh issue of Equity shares of Rs 10 each at par is to be made to the extent required under the Companies Act, 2013 for the purpose of redemption. The investments are sold for Rs 3,00,000 itself in order to raise cash for financing the payment. The company could not trace the holders of 1,000 preference shares for payment till date.

Give Journal Entries and also prepare the Balance Sheet in Vertical form.

23. Prepare a Balance sheet of Southern Ltd as on 31-03-2018 which has an authorised capital of Rs 3,00,000 consisting of 30,000 shares of Rs 10 each.

Goodwill 12,500
Premises 1,85,000
Furniture 3,600
(Opening value)
Depreciation of the year 180
4,500
Stock of goods 50,500
Sundry debtors 40,000
Machinery
(Opening value) 1,50,000
5,000
Depreciation charged 15,000
1,325
Cash in hand 375
Cash at bank 19,950
1,00,000
14% Government schemes 30,000
Preliminary expenses 1,250
Building under construction 1,00,000

Bills payable 19,000
Creditors 25,000
Provision for taxation 12,500
18% Debentures 1,50,000
Interest on debentures due

Equity share capital 2,30,000
Calls in arrears 3,750
General reserve 12,500
Addition to general reserve

Loan to managing director

Surplus A/c 24,570
11% Preference share capital

Additional Information:

a) Bills discounted but not yet matured Rs 50,000
b) Dividends on preference shares are in arrears for 2 years.

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 in the premises of C Ltd. on 25th August 2014, where a large part of the stock was destroyed. Salvaged stock was ₹ 15,000. The following information relates to the period from 1.1.2014 to 25.8.2014:

Purchases ₹ 85,000

Sales ₹ 90,000

Goods costing ₹ 5,000 were taken for personal use.

Cost price of stock on 1.1.2014 was ₹ 40,000.

Over the past few years, C Ltd. has been selling goods at a consistent gross profit margin of 33 1/3%. The insurance policy was for ₹ 50,000. It included an average clause.

C Ltd. asks you to prepare a statement of claim to be made to the insurance company.

(2×15=30)