

B.Com.(A&F) DEGREE EXAMINATION,NOVEMBER 2018**II Year III Semester****Core Major- Paper V****CORPORATE ACCOUNTING****Time : 3 Hours****Max.marks :75****Section A** ($10 \times 2 = 20$) MarksAnswer any **TEN** questions

1. What is Reconstruction Account?
2. What is Capital Redemption Reserve?
3. What is Forfeiture?
4. From the following particulars calculate the Value Per Equity Share under Net Assets Method:
Total Assets at market value Rs.49, 80,000; Total Outside liabilities Rs.19, 00,000; 2,00,000 Equity shares of Rs.10 each Rs.20, 00,000
5. Redemption of 20,000 preference shares of Rs.100 each was carried out by utilization of reserves and by issue of 8, 000 Equity shares of Rs.100 each. How much should be credited to capital redemption reserve A/c?
6. Compute cost of goods sold:
Opening stock Rs.75, 000; Purchases Rs.1, 90,000; Purchase return Rs.5, 000; Freight charge Rs.13, 115; Closing Stock Rs.95, 000.
7. From the following balances, find out Shareholder's Fund:
Share capital Rs.10, 00,000; Profit and Loss A/c (Dr.) Rs.50, 000; Securities premium Rs.1, 00,000.
8. A Co. Ltd., issued 50,000 equity shares of Rs. 10 each to the public on condition that full amount of shares will be paid in a lump sum. All these shares were taken up and paid by the public. Pass journal entries. If Shares are issued at premium 10 %.
9. JAI Ltd. issued 20,000 equity shares of Rs.10 each at par. The issue was underwritten by SAI & CO for maximum commission permitted by law. The public applied for and received 16,000 shares. Calculate the commission payable to them.
10. R.G Ltd has an issued capital of Rs. 5, 00,000 in 50,000 shares of Rs. 10 each on which Rs. 8 per share has been called up. The company now decides to reduce the share capital to share of Rs.8 each fully paid by cancelling the unpaid amount of Rs. 2 per share. Pass Journal entry.
11. A firm earns Rs. 1, 20,000 as its annual profits, the rate of normal profit being 10 % The assets of the firm amount to Rs. 14, 40,000 liabilities to Rs.4,80,000 Find out the value of goodwill by capitalization method.
12. Ram Ltd was in corporate on 1st May 1996 to take over the business of Raheem and Co with effect from 1-1-1996. The company obtained certificate of commencement of business on 24.8.1996. Calculate time ratio. If the accounts were finalized on 31.12.1996

Section B ($5 \times 5 = 25$) MarksAnswer any **FIVE** questions

13. What is a Preference share? What are the various types of preference shares?
14. What is profit/loss prior to incorporation? How do you treat in the books of Accounts of a company?

15. JAI SAI RAM Ltd. issued 30,000 equity shares of Rs.10 each. The issue was underwritten as follows: Jai: 30%; Sai: 30%; Ram: 20% However, the company received application for 25,000 shares only. Determine the liability of the underwriters.
16. The following ledger balances were extracted from the books of Rajan Ltd as on 31.3.2013:
 Land & Building Rs.2,00,000; 12% Debentures Rs. 2,00,000; Share capital Rs. 10,00,000 (equity shares of Rs. 10 each fully paid up); Plant & Machinery Rs.8,00,000; Goodwill Rs. 2,00,000; Investment in shares of Raja Ltd, Rs. 2,00,000; General reserve Rs. 1,95,000; Stock in trade Rs. 1,00,000;Bills receivable Rs. 50,000;Debtors Rs. 1,50,000;Creditors Rs. 1,00,000;Bank loan (unsecured) Rs. 1,00,000; Provision for tax Rs. 50,000;Proposed dividend Rs. 55,000.
 Prepare the Balance sheet of the company as per Revised schedule VI, Part 1 of the companies Act 1956.
17. From the following information Calculate the Valuation of Goodwill on the basis of 3 years purchase of Super Profit:
- Average capital employed in the business is Rs.7,00,000
 - Rate of interest expected from capital has to the risk involved is 12%
 - Net trading profits of the firm for the past three years were Rs.1, 07,600; Rs.90, 700 and Rs.1,12,500.
 - Fair remuneration of partners is Rs.12, 000 per annum.
 - Sundry assets of the firm Rs.7, 54,762.
 - Sundry liabilities of the firm Rs.31, 329.
18. Raja ltd., was incorporated on 1-7-94, which took over a running concern with effect from 1-1-94.
- The sales for the period upto 1-7-94 was Rs.2,70,000 and the sales from 1-7-94 to 31-12-94 amounted to Rs.3,30,000
 - Gross profit was (1-1-94 to 31-12-94) Rs.2,40,000
 The expenses debited to profit and loss included included:
 - Director fees Rs.15,000
 - Bad debt Rs. 1,800
 - Advertising (under a monthly contract of Rs.500) Rs.6,000
 - Salaries and general expenses Rs.32,000
 - Preliminary expenses Written off Rs.3,000
 - Donation to political party Rs.5, 000.
- Prepare a statement showing Profit made Before and After Incorporation
19. Symcox Ltd., issued 75,000 equity shares of Rs.10 each and 5,000 Redeemable preference shares of Rs. 100 each all shares being fully called and paid up on 31-3-1992. Profit & Loss account showed undistributed profits of Rs. 3, 00,000 and General reserve stood at Rs. 2, 50,000. On 1-4-1992, the directors decided to redeem the existing preference shares at Rs. 105 utilizing as much profits as would be required for the purpose.

Section C ($2 \times 15 = 30$) MarksAnswer any **TWO** questions

- 20 A Ltd. invited applications for 10,000 shares of Rs.100 each at a discount of 5% payable as follows:

On application	- Rs.25
On allotment	- Rs.34
On first and final call	- Rs.36

Applications were received for 9,000 shares and all of these were accepted. All money due were received except the first and final call on 100 shares which were forfeited. Of these shares, 50 shares were reissued at the rate of Rs.90 as fully paid. Show necessary journal entries in the books of the company.

21. Following a series of losses, XYZ Co. Ltd. resolved to reduce the capital to 50,000 fully paid Rs. 5 shares and to eliminate share premium account. The company's Balance sheet prior to implementation of the scheme was

Liabilities	Rs.	Assets	Rs.
Share capital: 50,000 fully paid shares of Rs.10 each	5,00,000	Goodwill	1,00,000
Securities premium A/c	50,000	Land & Building	1,62,000
Creditors	62,000	Plant & Machinery	2,07,000
Bank Overdraft	73,000	Stock	92,000
		Debtors	74,000
		Profit & Loss A/c	50,000
	6,85,500		6,85,000

It was resolved to apply the sum available under the scheme:

- To write off the goodwill account.
 - To write off the debit balance of the profit & loss account
 - To reduce the book values of the assets by the following amounts:
Land and Building Rs. 42,000; Plant & Machinery Rs. 67,000; Stock Rs. 33,600
 - To provide a bad debts reserve of 10% of the book value of debtors.
- Show the journal entries to give effect to the scheme and prepare the revised balance sheet after its implementation.

22. On 31st Dec. 1995, the balance sheet of a limited company disclosed the following position:

Liabilities	Rs.	Assets	Rs.
Issued capital in Rs. 10 shares	4,00,000	Fixed assets	5,00,000
Reserves	90,000	Current assets	2,00,000
Profit & loss A/c	20,000	Good will	40,000
5% debentures	1,00,000		
Current liabilities	1,30,000		
	7,40,000		7,40,000

On 31st Dec.1995, the fixed assets were independently valued at Rs. 3, 50,000 and the goodwill at Rs. 50,000. The net profits for the three years were:1993-Rs. 51,600: 1994-Rs. 52,000 and 1995-Rs. 51,650 of which 20% was placed to reserve, this proportion being considered reasonable in the industry in which the company is engaged and where a fair investment return may be taken at 10%. Compute the value of the company's share by (A) Net assets method. (B) Yield method.

23. Moon and star Co. Ltd is a company with an authorized capital of Rs. 5,00,000 divided into 5,000 equity shares of Rs. 100 each on 31.12.1985 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.1985.

Trial balance of Moon & Star Co, Ltd

Debit	Rs.	Credit	Rs.
Opening Stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount received	3,150
Wages	70,000	Profit & Loss A/c	6,220
Discount allowed	4,200	Creditors	35,200
Insurance(upto 31.3.86)	6,720	Reserves	25,000
Salaries	18,500	Loan from managing director	15,700
Rent	6,000	Share capital	2,50,000
General expenses	8,950		
Printing	2,400		
Advertisements	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,500		
Furniture	17,100		
Bank	34,700		
Bad debts	3,200		
Calls-in-arrears	5,000		
	6,60,270		6,60,270

You are required to prepare statement of Profit & Loss for the year ended 31.12.1985 and a balance sheet as on that date. The following further information is given:

- Closing stock was valued at Rs. 1,91,500
- Depreciation on plant at 15 % and on furniture at 10% should be provided
- A tax provision of Rs. 8,000 is considered necessary.
- The directors declared an interim dividend on 15.8.85 for 6 months ending June 30, 1985 @ 6%.
- Provide for corporate dividend tax @ 17%.