

B.Com DEGREE EXAMINATION, APRIL 2019
II Year III Semester
Corporate Accounting - I

Time : 3 Hours

Max.marks :75

Section A ($10 \times 2 = 20$) Marks

Answer any **TEN** questions

1. What is a Share?
2. What is Redeemable Preference Share?
3. What is Underwriting?
4. What is Debenture?
5. What are the Components of final Accounts of a joint Stock Company?
6. What is Managerial Remuneration?
7. What do you mean by profit to incorporation?
8. List out expenses which are to be divided on 'Time basis'.
9. Define Goodwill.
10. What is the need for valuation of shares?
11. Profits earned : 1994 - Rs. 10,000; 1995 - Rs. 11,000; 1996 - Rs. 12,000; 1997 - Rs. 15,000. Compute the value of the goodwill on the basis of 3 years purchase of average profit.
12. What is Capital Redemption Reserve?

Section B ($5 \times 5 = 25$) Marks

Answer any **FIVE** questions

13. Sky Rockets Ltd. made an issue of 1,00,000 equity share of Rs. 10 each, payable Rs. 2.50 on application, Rs. 3.50 on allotment and Rs. 4 on call. All the shares are subscribed and amounts duly received. Pass journal entries to give effect to these.
14. A company issues 50,000 shares of Rs. 10 each at par. The whole issue has been underwritten by X & Co. for a commission of 4%. The company received applications only for 47,000 shares. All the applications were accepted. Give journal entries to record the above transactions and prepare the Balance sheet at this stage assuming that all amounts due have been received.

15. From the following particulars, determine the maximum remuneration available to a full time director of a manufacturing company.

The Profit & Loss Account of the company showed a net profit of Rs. 40,00,000 after taking into account the following items:

Depreciation(including special depreciation of Rs. 40,0000)	1,00,000
Provision for income tax	2,00,000
Donation to political parties	50,000
Ex-gratia payment to a worker	10,000
Capital profit on sale of assets	15,000

16. A limited company was registered on 1-1-2009 to buy the business of Govind limited from 1-10-2008 and obtained its certificate on incorporation on 1-2-2009.

The accounts of the company for the period ended 30-9-2009 disclosed a profit Rs. 67,540 after charging the following expenses. Salary Rs.15,000(there were 5 employees in the pre incorporation period and 7 in the post incorporation.)

Wages Rs. 5,280 (there were 4 workers in the pre-incorporation period at Rs. 80 per month per worker and five workers in the post incorporation period at Rs. 1000 per month per worker.

Sales Rs. 2,40,000 of which Rs. 40,000 related to pre-incorporation period. Directors fees Rs. 8,000. You are required to calculate profits separately for pre- and post incorporation periods.

17. Explain the different kinds of share capital.
18. A company has a carried forward balance of Rs. 25,000 in the profit and loss account for the year ended 31st March 2008. During the year 2009, it made a further profit of Rs. 1,50,000. It was decided to carry out the following adjustments.

Provision for taxation Rs. 50,000

Dividend equalization account Rs. 15,000

Dividend on 40,000 shares of Rs. 2 each fully paid at 15%

Transfer to General Reserve Rs. 25,000

Transfer to development rebate reserve account rs.25,000.

You are required to Prepare Profit and Loss Appropriation Account of the year ended 31st March 2009.

19. The profits of Thilaga ltd. for the last 5 years were as follows:

Year	Rs.
1994	15,000
1995	18,000
1996	22,000
1997	25,000
1998	27,000

Compute the value of goodwill of Thilaga Ltd,. on the basis of 4 years purchase of weighted average profit after assigning weights 1,2,3,4 and 5 serially to the profits.

Section C ($2 \times 15 = 30$) Marks

Answer any **TWO** questions

20. X Ltd. invited applications for 10,000 shares of Rs. 100 each at a discount of Rs. 6 payable as follows:

On application Rs. 25

On allotment Rs. 34

On first and final call Rs. 35.

The applications were received 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 reissued @ Rs. 90 as fully paid. Pass entries in the Cash Book and Journal of the company. Also prepare the Balance sheet.

21. On 1st April 2004, Metal Products Ltd. issued Debentures for Rs. 1,00,000 redeemable at par at the end of 5 years and it was resolved that a Sinking Fund should be formed and invested in tax –free securities.

Give journal entries for 5 years, assuming that the interest received on the investments was at the rate of 5 percent on cost, that the interest was received yearly and immediately invested and that the investments were realized at a loss of Rs. 300 at the end of five years.

Reference to the Sinking Fund Table shows that Re. 0.180975 invested at the end of year, at 5% compound interest will produce Re.1 at the end of 5 years.

22. Following are the details related to “AM” Flour Mills Co. Ltd as on 31st March 2009. Prepare Trading A/c, P&L a/c, P&L Appropriation a/c and Balance Sheet.

Share capital(authorized and issued Rs.10 per share)	12,00,000	Motor van	30,000
General reserve	5,00,000	Furniture	10,000
Unclaimed dividend	13,052	Opening stock	3,44,116

Creditors	73,726	Sundry debtors '	3,14,760
Building	2,00,000	Investments'	5,77,900
Purchases	10,01,806	Cash balance	1,34,480
Sales	19,67,894	Directors fees	3,600
Manufacturing expenses	7,18,000	Interim dividend	30,000
Administration expenses	53,628	Interest received	17,088
General expenses	62,156	P&L A/c(1-4-2008)(credit)	33,696
Machinery	4,00,000	Staff provident Fund	75,000

Adjustments:

- Closing stock on 31-3-2009 was Rs. 2,97,360
- Depreciate building Rs. 20,000; Managers Commission due Rs. 13,000 and contribution to Staff Provident Fund to be provided Rs. 3,000 and
- Interest accrued on Investments Rs. 5,500.

23. The following is the balance sheet of Rudraskh Ltd. as on 31st March 2015-

Equity And Liabilities	(Rs)	Assets:	(Rs)
40,000 Equity Shares of Rs.10 each fully paid up	4,00,000	Land and Building	4,00,000
15% Preference Shares of Rs.100 each fully paid up	1,00,000	Machinery	2,60,000
10% Debentures	2,00,000	Patents	80,000
Sundry Creditors	6,60,000	Stock	1,60,000
Other current Liabilities	40,000	Sundry Debtors	1,10,000
		Preliminary Expenses	20,000
		Profit and Loss Account	3,70,000
	14,00,000		14,00,000

The Following scheme of reconstruction is agreed and approved by the court:

- To reduce Equity share by Rs.9 each.
- To reduce Preference share by Rs.40
- Machinery to Rs.1,60,000
- Stock by Rs.20,000
- To provide 30,000 for Bad and Doubtful Debts
- To increase the rate of preference shares to 20% and debenture interest to 11%