

B.Com(CS) 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 do you mean by 'Allotment of shares'?
2. Define the term 'Redeemable preference shares'.
3. What is underwriting commission?
4. ABC Ltd. forfeited 200 shares of Rs. 10 each for non-payment of final call money Rs. 2 per share. Pass journal entry.
5. What is weighted time ratio?
6. What are the two sources for redemption of shares?
7. Write a note on super profit.
8. What is alteration of share capital?
9. What is Capital Reserve?
10. Define Goodwill.
11. What is Dividend?
12. What are the methods of computing purchase consideration?

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

Answer any **FIVE** questions

13. ABC Limited issued 20,000 shares of Rs.100 each payable as follows; Rs.25 on application; Rs.35 on allotment; and Rs. 40 on first and final call. Applications were received for 25,000 shares, all of which were accepted. All the money was duly received. Pass necessary journal entries and prepare a balance sheet.
14. P Ltd., issued 40,000, 10% debentures of 100 each for public subscription. The issue was underwritten as follows:
Satyam - 25%; Sivam - 30% and Sundaram - 25%.
The company received a total number of 28,000 applications of which marked applications were as follows:
Satyam - 8,000; Sivam - 6,000; Sundaram - 8,000.
Determine the liability of each underwriter.

15. Ganesh Limited was registered on 1.7.97 to acquire the running business of Suneel and Co., with effect from 1.1.97. The following was the profit and loss of the company on 31.12.97.

Particulars	Rs	Particulars	Rs
To office expenses	54,000	By Gross Profit b/d	2,25,000
To Formation expenses (written off)	10,000		
To Stationery and Postage	5,000		
To Selling expenses	60,000		
To Directors fees	20,000		
To Net Profit	76,000		
	2,25,000		2,25,000

You are required to prepare a statement showing profit earned by the company in the pre and post – incorporation periods. The total sales for the year took place in the ratio of 1:2 before and after incorporation respectively.

16. From the following balances prepare the balance sheet of a company in the prescribed format. Goodwill Rs.1,50,000; Investment Rs.2,00,000; Share capital 5,00,000; Reserve Rs.1,10,000; Securities premium Rs.15,000; Preliminary expenses Rs.10,000; Profit and Loss A/c (Cr) Rs.25,000; Debentures Rs.2,50,000; Other fixed asset Rs.4,70,000; Stock Rs.80,000; Debtors Rs.60,000; Bank balance Rs.30,000; Unsecured loan Rs.65,000; Sundry creditors Rs.35,000.
17. Narayanan & Co.Ltd., purchased assets worth Rs.28,80,000. It issued debentures in satisfaction of the purchase price. Calculate how many debentures will be issued:
- In case debentures are of Rs.100 each and are issued at a discount of 4% and
 - In case debentures are of Rs.80 each and are issued at a premium of Rs.10 per debenture.
- Also, pass the Journal entries required for the issue of the debentures.
18. Explain the need for valuation of shares.
19. Explain the different methods of redemption of debentures.

Section C (2 × 15 = 30) Marks

Answer any **TWO** questions

20. The balance sheet of *ABC & Co., Ltd* on 31.12.1990 stood as follows:

Liabilities	Rs	Assets	Rs
Equity share capital	5,00,000	Fixed Asset	8,00,000
Redeemable Preference Share Capital of 100 each	3,00,000	Investment	1,00,000

Securities premium	50,000	Bank balance	2,00,000
Capital reserve	1,00,000	Other current asset	5,00,000
P&L A/C	2,00,000		
10% Debentures	3,00,000		
Creditors	1,50,000		
	16,00,000		16,00,000

Both the redeemable preference shares and debentures were due for redemption on 1.1.91. The company arranged for the following.

- . It issued 2,000 equity shares of Rs.100 at a premium of 10%
- . It sold the investment for Rs. 90,0000
- . It arranged bank overdraft to the extent necessary.

The redemptions were carried out. Give entries for redemption of shares and debentures and balance sheet after redemption.

21. *Moon and Star Ltd.* is a company with an authorized capital of Rs.5,00,000 divided into 5000 equity shares of Rs.100 each on 31.12.2003 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.2003.

Trail Balance of Moon & Start Ltd.			
Debit	Rs.	Credit	Rs.
Opening Stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount Received	3,150
Wages	70,000	P & L A/c	6,220
Discount Allowed	4,200	Creditors	35,200
Insurance(up to 31.03.04)	6,720	Reserves	25,000
Salaries	18,500	Loan from Managing directors	15,700
Rent	6,000	Share Capital	2,50,000
General Expenses	8,950		
Printing	2,400		
Advertisement	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,500		
Furniture	17,100		
Bank	34,700		
Bad debts	3,200		
Call in arrears	5,000		
	6,60,270		6,60,270

You are required to prepare profit and loss Account for the year ended 31.12.2003

and a balance sheet as on the date. The following further information is given:

- (a) Closing stock was valued at Rs. 191,500
- (b.) Depreciation on plant at 15% and on furniture at 10% should be provided.
- (c.) A tax provision of Rs.8,000 is considered necessary.
- (d.) The directors declared an interim dividend on 15. 8. 03 for 6 months ending June 30, 2003@ 6%.

22. A company was incorporated on 30th June 1984 to acquire the business of Mohan as from 1st January 1984. The accounts for the year ended 31st Dec.1984 disclosed the following.

- (a) There was a gross profit of Rs. 2,40,000
- (b) The sales for the year amounted to Rs. 12,00,000 of which Rs.5,40,000 were for the first six months.
- (c) The expenses debited to profit and loss account included

	Rs.
Directors fees	15,000
Bad debts	3,600
Advertising(under a monthly contract of Rs. 1,000)	12,000
Salaries	64,000
Preliminary expenses written off	5,000
Donation to political parties given by the company	5,000

Prepare a statement showing profit made before and after incorporation.

23. The balance sheet of Y Co Ltd. disclosed the following position as on 31st December 1998.

Liabilities	Rs	Assets	Rs
Share Capital 6,000 equity shares of Rs. 100 each	6,00,000	Goodwill	1,65,000
P&L A/c	75,000	Investments	5,25,000
General reserve	2,25,000	Stock	6,60,000
6% Debentures	4,50,000	Sundry Debtors	3,90,000
Sundry creditors	1,50,000	Cash at bank	60,000
Workmen's savings bank A/c	3,00,000		
	18,00,000		18,00,000

(i.) The profits for the past five years were :

1994 – Rs.30, 000; 1995 – Rs.70, 000; 1996 – Rs.50, 000; 1997 – Rs.55, 000 and 1998 –Rs.95, 000

(ii.) The market value of investments was Rs. 3,30,000

(iii.) Goodwill is to be valued at three years purchase of the average annual profits for the last five years.

Find the intrinsic value of each share.