

B.Com(BIM) DEGREE EXAMINATION, APRIL 2020
II Year III Semester
Corporate Accounting

Time : 3 Hours

Max.marks :75

Section A (10 × 2 = 20) Marks

Answer any **TEN** questions

1. What is pro-rata allotment of shares?
2. What is backlog depreciation?
3. Write note on 'ex-interest'
4. What is super profit?
5. State any two items appearing under other income
6. Write any two merits of Human Resource Accounting.
7. K Ltd purchased the business of Mani Bros. for Rs.54,00,000 payable in fully paid shares of Rs.100 each. What entries will be made in the books of K Ltd. If such issue is at a discount of 10%
8. Calculate cost of good sold from the following

	Rs.
Opening stock	75,000
Purchases	1,85,000
Freight	13,100
Closing stock	1,01,000
9. Govind Ltd issued 60,000 6% Debentures of Rs.100 each. 60% of the issue was underwritten by Balu. Applications for 56,000 debentures were received by the company. Determine the liability of Balu.
10. Compute conversion factor for the opening items
General price index numbers = Opening 100, Closing 150, Average for the year 110.
11. The capital investment of the firm is Rs.1,00,000. A fair return on the capital having regard to the risk involved is 10%. Calculate normal profit.
12. Rajan, a small scale industrialist decided to convert his firm into a limited company with effect from 1st April 1996. But he obtained the certificate of incorporation on 1st August 1996 and the certificate to commence business on 1st October 1996. His accounts were closed on 31st December 1996. Find out the time ratio

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

13. Explain the provisions of the Companies Act regarding securities premium.
14. What are the merits of inflation accounting?
15. Ganesh Ltd. was registered on 1.7.1997 to acquire the running business of Suneel & Co. with effect from 1.1.97. The following was the profit and loss account of the company on 31.12.97.

Particulars	Rs.	Particulars	Rs.
To office expenses	54,000	By Gross Profit	2,25,000
To formation expenses	10,000		
To Stationary & Postage	5,000		
To Selling expenses	60,000		
To Director's 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. Mohan Ltd. invited applications for 2,000 shares of Rs.100 each at a discount of 10% payable as follows:

On application Rs.25

On allotment Rs.30

On first and final call Rs.35

Whole of the issue was subscribed and paid for except the final call on 300 shares which were forfeited by the company after giving due notice. Pass forfeiture entry

17. X Ltd issued 1,000 8% debentures of Rs.100 each. Give appropriate journal entries in the books of the company, if the debenture were issued as follows

(i) Issued at discount of 5%, repayable at par

(ii) Issued at premium of 10%, repayable at par

(iii) Issued at par, redeemable at a premium of 10%

18. The profits of A Ltd. for the lasts 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 A 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

19. Give the format of the statement of profit and loss as per revised schedule VI

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

Answer any **TWO** questions

20. On 30th June 1998, the balance sheet of Sandhya Ltd., stood as follows

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	10,00,000	Sundry Assets	14,00,000
Redeemable Preference Share Capital	4,00,000	Bank	5,00,000
Profit and Loss A/c	3,00,000		
Sundry Creditors	2,00,000		
	19,00,000		19,00,000

On the above date, the preference shares had to be redeemed. For this purpose 2,000 equity shares of Rs.100 each were issued at Rs.110. The Company also issued 8% debentures totalling Rs.3,00,000. The shares and debentures were immediately subscribed and paid for. The preference shares were duly redeemed. Give journal entries and the balance sheet after redemption.

21. What are the different methods of calculating Goodwill?
22. Average capital employed in K Ltd. Rs.35,00,000 whereas net trading profits before tax for the last three years have been Rs.14,75,000; Rs.14,55,000 and Rs.15,25,000. In these three years, the managing director was paid a salary of Rs.10,000 p.m. But now he would be paid a salary of Rs.12,000 p.m. Normal rate of return expected in the industry in which K Ltd is engaged is 18%. Rate of tax is 50%. Calculate goodwill on the basis of three years purchase of the super profit.
23. Ascertain net monetary result or 'general price level gain or loss' from the following information

	1.1.98 (Rs.)	31.12.98 (Rs.)
Cash and bank balance	60,000	88,000
Accounts receivable	80,000	1,00,000
Accounts payable	1,00,000	1,24,000
General retail price index number	100	125
Average index number for the year	120	