

**B.Com DEGREE EXAMINATION, EVEN SEMESTER 2021**  
**I Year III semester**  
**Corporate Accounting - I**

**Max.marks :25**

Answer any **FIVE** questions ( $5 \times 5 = 25$ ) Marks

1. What do you mean by Underwriting? Explain its types.
2. A company issued Rs.5,00,000 share capital divided into Rs.10 shares at premium of Rs.4 per share, payable as under On Application Rs.3 per share; On Allotment Rs.4 per share and Rs.2 premium; On final payment Rs.3 per share and Rs.2 premium. Over-payments on application were to be applied towards sums due on allotment and final call. Where no allotment was made, application money was to be returned in full. The issue was oversubscribed to the extent of 13,000 shares. Applicants for 12,000 shares were allotted only 1,000 and applicants for 2,000 were sent letters of regret. All money due on allotment and final call was duly received. Make the necessary entries in company's books.
3. Sangeetha movers Ltd. issued 15,000 14% debentures of Rs. 100 each for public subscription, at a premium of 10% payable as to Rs. 30 on application, Rs. 50 (including premium) on allotment and the balance in one call. 25,000 applications were received. 4000 applications were rejected and debentures were allotted to the remaining applicants on pro-rata. Allotment amount was received from all the allottees one of whom paid the call amount due on his 1,000 debentures along with the allotment money. The call amount was also collected on the due date.  
You are required to pass necessary entries in the company's books.
4. Determine the maximum remuneration available to the Directors and manager of Blue print Co.Ltd (a manufacturing company) under sections 309 and 387 of the companies Act, 1956 from the following particulars: Before charging any such remuneration the profit & loss A/c showed a credit balance of Rs. 6,06,000 for the year ended 31st March 2014 after taking into account the following matters:

	Rs
(i) Capital expenditure	1,50,000
(ii) Subsidy received from government	1,20,000
(iii) Special depreciation	20,000
(iv) Multiple shift allowance	30,000
(v) Bonus to foreign technicians	90,000
(vi) Provision for taxation	8,00,000
(vii) Compensation paid to injured workman	20,000
(viii) Ex-gratia to an employee (without liability)	10,000
(ix) Loss on sale of fixed assets (W.D.V. Rs.37,000)	20,000
(x) Profit on sale of investments	60,000
(xi) Provision for doubtful debts	25,000
(xii) Preliminary expenses written off	10,000
(xiii) Directors Fees	15,000

5. X Ltd. was incorporated on 1-5-2001. It acquired a running business as from 1.1.2001. The Profit and Loss A/c for 2001, Dec. 31 was as under:

	Rs.		Rs.
To Salaries	1,60,000	By Gross Profit	8,00,000
To General Expenses	40,000		
To Carriage on sales	60,000		
To Advertisement	80,000		
To Interest on debentures	24,000		
To Directors Fees	16,000		
To Audit Fees	20,000		
To Interest to Vendors			
(upto 30th June)	40,000		
To Depreciation	80,000		
To Net Profit	2,80,000		
	8,00,000		8,00,000

Sales upto 1st May were Rs.8,00,000 and after 1st May, 2001 were Rs.32,00,000. Prepare a statement showing the Profit prior to and after incorporation.

6. Manoj & Co. was formed to acquire the business of Shanti Prasad whose Balance Sheet was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	4,000	Land	24,000
Capital	80,000	Furniture	5,000
		Stock	39,000
		Debtors	9,000
		Bank	7,000
	84,000		84,000

The purchase consideration was agreed at Rs.1,00,000 which was to be paid as (i) 2,800 equity shares of Rs.20 each, (ii) Rs.34,000 in preference shares of Rs.100 each and (iii) the balance in cash. The company raised further capital by issue of 7,500 equity shares of Rs.20 each payable Rs.10 on application and Rs.10 on allotment. After receipt of all the money for shares issued, the company purchased buildings worth Rs.80,000. Pass journal entries in the books of the company and prepare the Balance sheet.

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

Liabilities	Rs.	Assets	Rs.
Share capital:		Goodwill	1,65,000
6,000 equity shares of Rs.100 each	6,00,000	Investment	5,25,000
Profit & loss A/c	75,000	Stock	6,60,000
General reserve	2,25,000	Sundry Debtors	3,90,000
6% debentures	4,50,000	cash at bank	60,000
Sundry creditors	1,50,000		
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 – 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.