B.Com.(A&F) DEGREE EXAMINATION,ODD SEMESTER 2020
II Year III Semester
Corporate Accounting

Max.marks :25

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

1. What are the legal provisions relating to allotment of shares?
2. Explain the different methods of computing purchase consideration on acquisition of business?
3. Bharat Ltd., issued 1,50,000 equity shares. The whole of the issues was underwritten as follows:

   X 50%; Y 25% and Z 25%.

   Applications for the 1,20,000 shares were received in all, out of which applications for 30,000 shares had the stamp of X, those for 15,000 shares that of Y and those for 30,000 shares that of Z. The remaining applications for 45,000 shares did not bear any stamp. Determine the liability of the underwriters.
4. Modern Fibres Ltd., has part of its share capital as 5,000 Redeemable Preference Shares of Rs. 100 each. When the shares became due for redemption, the company decided that the whole amount will be redeemed out of a fresh issue of equal amount of equity shares of Rs. 10 each. Show the journal entries in the books of the company.
5. From the following data, calculate profit prior to incorporation :

   a) Time ratio 1 : 2
   b) Sales ratio 1 : 3
   c) Gross Profit Rs. 1,70,500
   d) Administrative expenses Rs. 69,600
   e) Expenses relating to sale Rs. 18,600
   f) Preliminary expenses Rs. 11,560.
6. 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 :

		Rs.
a)	Depreciation (including special depreciation of Rs. 40,000)	1,00,000
b)	Provision for income tax	2,00,000
c)	Donation to political parties	50,000
d)	Ex-gratia payments to a worker	10,000
e)	Capital profit on sales of assets	15,000

7. The average net profits of a business as adjusted for valuation of goodwill amounted to Rs. 2,35,450. The net tangible assets employed were of the value of Rs. 14,50,000. But, upon valuation, they amounted to Rs. 15,00,000. Assuming that 10% represented a fair commercial return, calculate the amount of goodwill by capitalising super profits.