

QP CODE: 23104248



Reg No : .....

Name : .....

**B.COM DEGREE (CBCS) REGULAR / IMPROVEMENT / REAPPEARANCE  
EXAMINATIONS, JANUARY 2023**

**Third Semester**

**Core Course - CO3CRT07 - CORPORATE ACCOUNTING I**

(Common to all B.Com Degree Programmes)

**For Regular Candidates : 2017 Admission Onwards**

**For Private Candidates : 2021 Admission Only**

38079546

Time: 3 Hours

Max. Marks : 80

**Instructions to Private candidates only:** This question paper contains **two sections**. Answer **SECTION I** questions in the answer-book provided. **SECTION II**, Internal examination questions must be answered in the question paper itself. Follow the detailed instructions given under **SECTION II**

**SECTION I**

**Part A**

Answer any **ten** questions.  
Each question carries **2** marks.

1. Journalise issue of shares against the formation expenses to promoters.
2. What is the purpose for which Capital Redemption Reserve can be utilised?
3. What is ESOP?
4. What are the terms of an underwriting agreement?
5. What are extraordinary items? Give two examples.
6. What is sales ratio? Illustrate with an example.
7. What are free reserves?
8. How will you treat TDS in final accounts?
9. How will you value current investments?
10. How do you deal with profit on sale of investments?
11. Give journal entry of claim admitted on loss of fixed asset policy.
12. How will you find out basic gross profit rate for loss of profit policy?

(10×2=20)



## Part B

Answer any **six** questions.

Each question carries **5** marks.

13. Distinguish between Capital Reserve and Reserve Capital.
14. What are the sources available for fully paid and partly paid bonus shares?
15. What are the merits and demerits of Buy back?
16. K Ltd issued 100000 equity shares of Rs.10 each at par. The entire issue was underwritten by A, B and C each by 60000, 30000 and 10000 shares respectively. A, B and C also applied 8000, 10000, and 2000 shares firm, respectively. The company received 80000 shares comprising of marked applications of A- 20000 shares, B - 14000 shares and C - 6000 shares. Prepare a statement of underwriters' liability and commission payable assuming 2.5 % as rate of commission.
17. For the year ended 31st March 2017, provision for income tax has been made for ` 50,00,000. Advance payment of tax for that year amounted to ` 45,00,000 and TDS on income earned by the company amounted to ` 46,000. On November 15, 2017, the assessment was completed and tax liability was determined at ` 58,40,000. Advance payment of tax for the year ending 31-03-2018 was ` 62,00,000. Show the necessary accounts for the year ending 31-03-2018, assuming ` 70,00,000 provision for taxation for the year ending 31-03-2018.
18. A firm was carrying on business from 01.01.2017 get itself incorporated as a company on 01.05.2017. The first accounts are drawn upto 30.09.2017. The following information is available with you.
  - a) Gross profit for the period ` 56,000
  - b) The general expenses are ` 14,220; directors fees ` 12,000 p.a, formation expenses ` 1,500; Rent upto 30.06.2017 is ` 1,200 p.a., after which it is increased to ` 3,000 per annum.
  - c) Salary of the manager, who upon incorporation of the company was made a director, is ` 6,000 p.a. His remuneration thereafter is included in the above figure of fees to directors.
  - d) The net sales are ` 8,20,000, the monthly average of which for first four months of 2017 is one half of that of the remaining period, the company earned a uniform profit.
  - e) Ignore interest and tax.Prepare a Statement showing pre and post-incorporation profits
19. Explain the legal provisions regarding payment of managerial remuneration u/s 197.
20. On 01.04.2017 Anuradha Ltd had current investment of Rs 3,00,000 6% government stock at Rs 94 (face value being Rs 100). Interest payable half yearly on 31st March and 30th September. The company sold Rs 90,000 of the stock at Rs 95 ex-interest on 01.06.2017. Draw up 6% Government stock account in the investment ledger of the



company for the year ended 31.03.2018. Ignore brokerage and income tax. The stock was quoted at Rs 96 ex-interest at the stock exchange on that date.

21. Explain the accounting treatment of loss of stock policy.

(6×5=30)

### Part C

Answer any **two** questions.

Each question carries **15** marks.

22. Bajaj Ltd. issued 20,000 equity shares of Rs 10 each at a premium of Rs 2 payable as follows:

- On application – Rs 5
- On allotment – Rs 5 (including premium)
- On first & final call – Rs 2

Applications were received for 24,000 shares. Letters of regret were sent to 4,000 shares and shares were fully allotted to all other applicants.

Mr. X, the holder of 150 shares failed to pay the allotment and call moneys. His shares were forfeited and reissued at Rs 9 per share. Give journal entries.

23. From the following trial balance and additional information provided, prepare final accounts of Superior Trading Co. Ltd. for the year ending 31-03-2018.

Particulars	Dr (Rs)	Cr (Rs)
Capital 60,000 equity shares of ` 10 each fully paid		6,00,000
Stock (01.04.2017)	4,50,000	
Purchases and Sales	14,70,000	21,00,000
Productive wages	3,00,000	
Discount	42,000	30,000
Salaries	45,000	
Rent	29,700	
General expenses	1,02,300	
Surplus A/c (01.04.2017)		70,000
Dividend paid for last year	54,000	
Debtors and Creditors	2,25,000	1,05,000
Plant and Machinery	1,74,000	
Cash at bank	97,200	
Reserve		1,13,000
Loan to Managing Director	19,500	
Bad debts	9,300	
	<b>30,18,000</b>	<b>30,18,000</b>

Additional information:





- a) Stock on 31-03-2018 is Rs 4,92,000
- b) Depreciate machinery @ 10% pa.
- c) Reserve 5% on debtors for doubtful debts
- d) Provide 2% for discount on creditors
- e) One month rent Rs 2,700 was due on 31-03-2018
- f) Six months insurance was unexpired at Rs. 4,500 per annum
- g) Provide Rs. 27,336 for income tax
- h) The Board recommends a dividend @ 5% p.a.
- i) Make provision for CDT at the applicable rate
- j) Transfer to general reserve 5% of net profit

24. Tandon carried out the following transactions in the shares of Bright Ltd.

- a) On 01.04.2017, he purchased 20,000 equity shares of Rs 1 each fully paid for Rs 30,000.
- b) On 15.05.2017, Tandon sold 4,000 shares for Rs 7,600.
- c) At a meeting on 15.06.2017, the company decided:
  - i) To make a bonus issue of one fully paid share for every four shares held on 01.06.2017; and
  - ii) To give its members, the right to apply for one share for every five shares held on 01.06.2017 at a price of Rs 1.50/share of which 75 paise is payable on or before 15th July, 2017 and the balance 75 paise per share, on or before 15th September, 2017.

The shares issued under (i) and (ii) were not to rank for dividend for the year ending 31.12.2017.

d) Tandon received his bonus shares and took up 2,000 shares under the rights issue, paying the sums thereon when due and selling the rights to the remaining shares at 40 paise/share; the proceeds were received on 30.09.2017.

e) On 15.03.2018, he received a dividend from Bright Ltd. of 15% in respect of the year ended 31.12.2017.

f) On 30.03.2018 he received Rs14,000 for the sale of 10,000 shares.

Prepare Tandon's investment account. Apply Average Cost basis. Expenses and tax to be ignored.

25. From the following details, calculate Consequential Loss Claim.

- 1. Date of Fire: 1st September
- 2. Indemnity Period: 6 months
- 3. Period of Disruption: 1st September to 1st February
- 4. Sum Insured: ` 1,08,900.
- 5. Sales were ` 6,00,000 for the preceding financial year ended on 31st March.
- 6. Net Profit for preceding Financial Year ` 36,000 plus Insured Standing Charges ` 72,000
- 7. Rate of Gross Profit 18%.



8. Uninsured Standing Charges ` 6,000.
9. Turnover during the Disruption Period ` 67,500.
10. Annual Turnover for 12 months immediately preceding the date of fire ` 6,60,000
11. Standard Turnover, i.e. for corresponding months (1st Sep to 1st Feb) in the year preceding the date of fire 2,25,000
13. Reduced Turnover avoided through increase in Working Capital 30,000
12. Increase in Cost of Working Capital 12,000 with saving of Insured Standing Charges 4,500 during Disruption Period
14. Special Clause stipulated (a) Increase in rate of GP 2%, and (b) Increase in Turnover (Standard and Annual) 10%.

(2×15=30)