



23127095

QP CODE: 23127095

Reg No :

Name :

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

Third Semester

Core Course - CO3CRT07 - CORPORATE ACCOUNTING I

(Common to all B.Com Degree Programmes)

2017 Admission Onwards

B5ACF065

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

Part A

*Answer any **ten** questions.*

*Each question carries **2** marks.*

1. What are preference shares?
2. List out the sources of funds available for the redemption of preference shares.
3. On 1/4/2018 X Ltd has an issued capital of Rs.10,00,000 in shares of Rs.10 each fully paid. The company decided to buy back 25,000 shares of Rs.10 each. The company has securities premium account balance of Rs. 1,50,000 and General Reserve Rs.5,00,00. Give journal entries on buy back.
4. What are firm underwriting applications?
5. What are the requirements of financial statements u/s 129?
6. What is meant by capital work in progress and intangible assets under development?
7. What do you mean by dividend?
8. How will you treat excess provision for tax in the previous year while preparing final accounts?
9. How will you value current investments?



10. What is investment account?
11. What do you mean by insurance claims?
12. Distinguish between loss of stock and loss of profit policies.

(10×2=20)

Part B

*Answer any **six** questions.*

*Each question carries **5** marks.*

13. Explain the calculation of profit on re issue of forfeited shares with an example.
14. What are the circumstances that warrant the issue of bonus shares?
15. Explain briefly the steps for valuation of right.
16. A Ltd. Issued 2,00,000 shares of Rs.10 each. The whole issue was underwritten by B Ltd. The company received 150000 share applications. Determine the liability of B.Ltd and the commission payable at the rate permitted by law.

17. From the following information, prepare Statement of Profit and Loss of Aaron Ltd. for the year ended 31st March 2018.

Particulars	Rs. In Lakhs
Revenue from Operations	3,000
Other Income	500
Cost of Material consumed	1,000
Changes in Inventories	(250)
Employee Benefits Expense	800
Finance costs	15
Depreciation and Amortization Expense	150
Other Expenses	125
Tax rate @ 30%	

18. Explain the accounting steps involved in the calculation of profit/loss prior to incorporation.
19. Barrik Ltd. was incorporated on 01.07.2017 to acquire a running business with effect from 01.04.2017. The accounts for the year ended 31.03.2018 disclosed the following:
 - a) There was a gross profit of Rs 3,00,000.
 - b) The sales for the year amounted to Rs 12,00,000 of which Rs 2,40,000 were for the first six months.
 - c) The expenses debited to profit and loss account includes:-
 - i) Directors fees – 15,000
 - ii) Bad debt – 3,600
 - iii) Advertising – 12,000 (Rs 1,000 per month)

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|-------------------------------------|-----------|
| iv) Salaries | – 64,000. |
| v) Preliminary expenses written off | – 5,000 |
| vi) Donation to political parties | – 5,000 |
| vii) Tax Audit fees | – 5,000 |

Prepare a statement showing pre-incorporation and post incorporation profits.

20. On 01.04.2017, A Ltd. purchased 12% Govt. Bonds of Rs 100 each for Rs 4,00,000 at Rs 96 cum-interest. Interest is payable on 30th June and 31st December every year. Account closes on 31.12.2017. Show 12% Govt. Bonds Account in the books of A Ltd. Also give journal entries.
21. A fire occurred in the premises of P Ltd. on 28.05.2018. The following information is available.

Purchases (01.01.2018 to the date of fire)	1,00,000
Wages	30,000
Stock on 01.01.2018	25,000
Sales (01.01.2018 to 28.05.2018)	1,50,00

Gross Profit ratio is 20%. Salvage was estimated at ₹ 5,000.

Prepare a statement of claim.

(6×5=30)

Part C

Answer any **two** questions.

Each question carries **15** marks.

22. Glamour Ltd. Invited applications for 15,000 of its equity shares of ₹ 10 each issued at ₹ 11.50 payable as ₹ 7.50 (including premium) on Application on 1st July, 2016, ₹ 2 on Allotment on 31st July, 2016 and ₹ 2 on first and final call on 31st August, 2016. applications were received for 18,000 shares and it was decided to deal with the same as follows in arrangement with the stock exchange authorities:
- To refuse allotment to an applicant for 800 shares.
 - To give full allotment to an applicant for 2,200 shares.
 - To allot the remaining shares pro-rata amongst other applicants.
 - To utilise the surplus received on applications in part payment of sums due to allotment.

An applicant to whom 40 shares were allotted, failed to pay the amount due on the allotment and first and final call. Another applicant to whom 60 shares were allotted, failed to pay the amount due on the first and final call. These shares were forfeited on 31st October, 2016. These shares were re-issued on 15th November, 2016 as fully paid at ₹ 9 per share. Give journal entries and show the reflections in the Balance Sheet.



23. Prepare a Balance sheet of Southern Ltd as on 31-03-2018 which has an authorised capital of Rs 3,00,000 consisting of 30,000 shares of Rs 10 each.

Goodwill	12,500	Bills payable	19,000
Premises	1,85,000	Creditors	25,000
Furniture	3,600	Provision for taxation	12,500
(Opening value)		18% Debentures	1,50,000
Depreciation of the year	180	Interest on debentures due	4,500
Stock of goods	50,500	Equity share capital	2,30,000
Sundry debtors	40,000	Calls in arrears	3,750
Machinery		General reserve	12,500
(Opening value)	1,50,000	Addition to general reserve	5,000
Depreciation charged	15,000	Loan to managing director	1,325
Cash in hand	375	Surplus A/c	24,570
Cash at bank	19,950	11% Preference share capital	1,00,000
14% Government schemes	30,000		
Preliminary expenses	1,250		
Building under construction	1,00,000		

Additional Information:

- Bills discounted but not yet matured Rs 50,000
 - Dividends on preference shares are in arrears for 2 years.
24. Syam Ltd. had 4,000 equity shares of Archana Ltd, at a book value of Rs 15/share (Face value Rs 10 each) on 01.04.2017. On 01.09.2017, Syam Ltd acquired 1,000 equity shares fo Archana Ltd at a premium of Rs 4/share.
- Archana Ltd. announced a Bonus and Right issue for existing shareholders. The terms of bonus and right issue were –
- Bonus was declared, at the rate of two equity share for five equity shares held on 30.09.2017.
 - Right shares are to be issued to the existing shareholders on 01.12.2017. The company issued two right shares for every seven shares held at 25% premium. No dividend was payable on these shares. The whole sum being payable by 31.12.2017.
 - Existing shareholders were entitled to transfer their rights to outsiders, either wholly or in part.
 - Syam Ltd. excercised its option under the issue for 50% of its entitlements and sold the remaining rights for Rs 8/share.
 - Dividend for year ended 31.03.2017, at the rate of 20% was declared by the company and received by Syam Ltd. on 20.01.2018.
 - On 01.02.2018, Syam Ltd. sold half of its shareholderings at a premium of Rs 4 per share.



g) The market price of share on 31.03.2018 was Rs 13/share.

You are required to prepare Investment Account of Syam Ltd. for the year ended 31.03.2018. Also determine the value of shares held on that date assuming investment as current investment.

25. A fire occurred on 21st April 2017 in the premises of Y Ltd. and stock in the trade was destroyed. The following information is however, available to you.

Opening Stock on 1.1.2017	₹ 11,000
Purchases upto 21.4.2017	₹ 45,000
Sales upto 21.4.2017	₹ 60,000

The stock on hand was always valued at cost price or market price, whichever was lower. However, the closing stock on 31.12.2016 was valued at market price which was 10% above cost.

The percentage of profit usually obtained in the business was 15%. The salvage realised only ₹ 400. Compute the Fire Claim.

(2×15=30)