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QP CODE: 22100578

Reg No : .....

Name : .....

**B.COM DEGREE (CBCS) REGULAR / REAPPEARANCE EXAMINATIONS,  
APRIL 2022**

**Third Semester**

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

(Common to all B.Com Degree Programmes)

For Regular Candidates : 2017 Admission Onwards

For Private Candidates : 2020 Admission Only

6EB59A25

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. What is called up capital?
2. What is Forfeiture of shares? Give an example.
3. What are the objectives of Buy back of shares?
4. Who can be an underwriter? Give examples.
5. What is a non-current asset as per schedule III?
6. How will you apportion the following items?  
a) Tax Audit Fees b) Audit Fees
7. What is unclaimed dividend? How will you treat it in final accounts?
8. What is advance payment of tax? How will you treat it in final accounts?
9. Define fair value.
10. What do you mean by cum-interest?
11. What is loss of stock policy?
12. Mr. A 4000 15% debentures of B Ltd. at Rs. 96 cum- interest on 01.01.2017. Interest is payable by the company on 30th September and 31st March each year. Give journal entries in the books of Mr. A.

(10×2=20)





**Part B**

Answer any **six** questions.

Each question carries **5** marks.

13. Sujatha Ltd. purchased assets for ₹ 5,00,000 from Raja Ltd. The company issued fully paid up equity shares of ₹ 10 each in satisfaction of the claim. Shares of ₹ 2,00,000 were issued at par to the promoters for their services. Give journal entries assuming that : (i) Shares were issued at par and (ii) Shares were issued at a premium of 20%.
14. Explain the legal provisions for the Redemption of Preference shares u/s 55.
15. What are the circumstances that warrant the issue of bonus shares?
16. A Ltd. Issued 200000 shares of Rs.10 each. The whole issue was underwritten by B ltd. The company received 150000 share applications. Write journal entries in the books of the underwriter. (Commission payable at the rate permitted by law.)

17. From the following data, prepare relevant Notes to Accounts:

Particulars	Rs. in 000's
Salaries	250
Wages	150
Contribution to PF	200
Contribution to Gratuity	72
Staff welfare expense	150
Expenses on ESPP	28
Outstanding Wages	50
Interest Expense	25
Brokerage	5
Interest on Debentures	6

18. 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)
    - 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.

19. Explain the legal provisions regarding payment of managerial remuneration u/s 197.





20. Explain the treatment of bonus shares and right shares in investment accounts?
21. Meera has a wholesale shop of garments. On 30.09.2017, a fire occurred at his warehouse and the greater portion of his stock was destroyed. The value of stock salvaged was agreed at ₹ 5,940. The insurance policy for stock destroyed was for ₹ 4,50,000.

The summarised Trading Account for the year ended 31.12.2016 is as follows.

Sales		15,00,000	
Closing stock		3,93,750	
			18,93,750
Less: Opening stock	3,09,375		
Purchases	13,59,375	16,68,750	
Gross Profit		2,25,000	

The transactions for the period from 01.01.2017 to 30.09.2017 were as under:

Sales	75,000
Payment to creditors	80,010
Creditors (01.01.2017)	1,13,000
Creditors (30.09.2017)	1,15,490

You are required to submit claim for insurance for loss of stock.

(6×5=30)

**Part C**

Answer any **two** questions.

Each question carries **15** marks.

22. Following are the Liabilities and Assets of Budha Ltd. As on 31-3-2017

LIABILITIES	AMOUNT	ASSETS	AMOUNT
Share Capital		Fixed Assets	40,00,000
1,00,000 6% Redeemable Preference Shares of ₹ 10 each, fully paid	10,00,000	Investments	10,00,000
2,00,000 5% Redeemable Preference shares of ₹ 10 each, ₹ 5 per share paid up	10,00,000	Stock	4,00,000
2,00,000 Equity shares of ₹ 10 each fully paid	20,00,000	Debtors	6,00,000
	8,00,000	Bank	20,00,000
Securities Premium	6,00,000		
General Reserve	7,00,000		
Capital Reserve	9,00,000		
Surplus Account	10,00,000		
Current Liabilities			
	80,00,000		80,00,000

On 1-7-2017, the company redeemed the preference shares at a premium of 10%. In order to pay off the preference share holders, it sold investment realising ₹ 9,50,000. All the payments were





made except to a share holder having 600 shares who could not be traced.

On 1-8-2017, the company issued fully paid bonus shares in the ratio of one for every share held on that date. You are required to show the journal entries and the balance sheet after the redemption.

23. From the following information, you are required to work out claim under the loss of profit insurance policy.
- 1) Cover-Gross profit – ` 1,00,000
  - 2) Indemnity period – 6 months
  - 3) Damage – due to a fire accident on 28th December – accounting year ends on 31st December
  - 4) Net profits plus all standing charges in the prior accounting year – ` 1,50,000
  - 5) Standing charges uninsured – ` 25,000
  - 6) Turnover of last accounting year was ` 5,00,000, the rate of gross profit being 25%.
  - 7) The annual turnover, namely, the turnover for 12 months immediately preceding the fire – ` 5,20,000.
  - 8) As a consequence of fire, there was a reduction in certain insured standing charges at the rate of ` 25,000 per annum.
  - 9) The standard turnover ` 2,60,000.
  - 10) Increased cost of working during the period of indemnity was ` 20,000.
  - 11) Turnover during the period of Indemnity was ` 1,00,000 and out of this turnover of ` 80,000 was maintained due to increased cost of working.
24. Following transactions of Trader Ltd. took place during the year ended 31.03.2018.
- a) 01.04.2017 : Purchased Rs 12,00,000 8% bonds at Rs 80.5 cum-interest. Interest is payable on 1st November and 1st May.
  - b) 12.04.2017 : Purchased 1,00,000 equity shares of Rs 10 each in X Ltd for Rs 40,00,000.
  - c) 01.05.2017 : Received half-years interest on 8% bonds.
  - d) 15.05.2017 : X Ltd. made a bonus issue of three equityshares for every two held. Trader Ltd. sold 1,25,000 bonus shares at Rs 20 each.
  - e) 01.10.2017 : Sold Rs 3,00,000 8% bonds at Rs 81 ex-interest.
  - f) 01.11.2017 : Received half year's bond interest.
  - g) 01.12.2017 : Received 18% dividend on equity shares in X Ltd.
- Prepare relevant investment accounts in the books of Trader Ltd. for the year ended 31.03.2018.





25. Western Ltd was registered with an authorised capital of Rs 10,00,000 divided into shares of Rs 10 each, of which 40,000 shares had been issued and fully paid.

The following was the trial balance extracted on 31-03-2016.

Particulars	Dr	Cr
Opening stock	1,86,420	
Purchases and Sales	7,18,210	11,69,900
Returns	12,680	9,850
Manufacturing Wages	1,09,740	
Manufacturing expenses	19,240	
Carriage inwards	4,910	
18% Bank Loan (secured)		50,000
Interest on bank loan	4,500	
Salaries	17,870	
Auditor's fees	8,600	
Directors' remuneration	26,250	
Preliminary expenses	6,000	
Freehold premises	1,64,210	
Plant and Machinery	1,28,400	
Furniture	5,000	
Loose Tools	12,500	
Debtors and Creditors	1,05,400	62,220
Cash in hand	19,530	
Cash at Bank	96,860	
Advance payment of tax	84,290	
Surplus A/c		38,640
Share capital		4,00,000
	<b>17,30,610</b>	<b>17,30,610</b>

You are required to prepare a Statement of Profit and Loss for the year ended 31-03-2016 and a Balance Sheet of that date after taking into consideration the following adjustments.

- On 31st March 2016, outstanding manufacturing wages and outstanding salaries stood at Rs 1,890 and Rs 1,200 respectively. On the same date, stock was valued at Rs 1,24,840 and loose tools at Rs 10,000.
- Provide for depreciation of Plant and Machinery at 15% and Furniture at 10% p.a.
- Write off 1/3rd of preliminary expenses.
- Make a provision for income tax at 50%.
- The directors recommended a dividend at 15% on equity shares after transfer of 5% of net profit to General Reserve.

(2×15=30)

