

Branch – **COMMERCE (COST AND MANAGEMENT ACCOUNTING)**

CORPORATE ACCOUNTING - I

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks

(10 x 2 = 20)

- 1 What is 'Allotment of Shares'?
- 2 What is over subscription?
- 3 Write the meaning of redeemable preference shares.
- 4 Write a note on debenture issued at collateral security.
- 5 Write the meaning of 'Profit prior to incorporation'?
- 6 Give a short note on shareholders funds.
- 7 What is 'yield value' of shares?
- 8 What is liquidation of company?
- 9 Give the meaning of 'subsidiary company'?
- 10 What do you understand by 'capital profits'?

SECTION - B (25 Marks)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks

(5 x 5 = 25)

- 11 a Nalli Co Ltd was registered with an authorized capital of Rs. 20,00,000 dividend into 20,000 shares of Rs. 100 each. The company offered 12,000 shares to the public which were payable : Rs. 20 per share on application, Rs. 40 per share on allotment and Rs. 40 on call. Applications are 18,000 shares were received on which the directors allowed as follows :
- Application for 10,000 shares – full
Applications for 5,000 shares – 2,000 shares
Applications for 3,000 shares – Nil
- The excess applications money was adjusted towards allotment. All the money due on allotment and call was fully received. Make necessary entries in the company's books.

OR

- b Ambassadors Ltd. issued 2,000 shares of Rs. 100 each at premium of 10% payable as follows :
- Rs. 20 on application, Rs. 35 on allotment (including premium), Rs. 20 on first call, Rs. 30 on final call.
- 1,800 shares were applied for and allotted. All the money was received with the exception of first and final calls on 200 shares held by Raghu. These shares forfeited. Give journal entries.

- 12 a The balance sheet of Exchange Ltd, as on 31-03-2009 was as follows :

Liabilities	Rs.	Assets	Rs.
Share capital :		Sundry assets	9,20,000
50,000 equity shares of Rs. 10 each, fully paid	5,00,000	Bank balance	6,00,000
4,000 redeemable preferences shares of Rs. 100 each fully paid	4,00,000		
Profit & Loss A/c	5,20,000		
Creditors	1,00,000		
	<u>15,20,000</u>		<u>15,20,000</u>

On the above date, the preference shares were redeemed at a premium of 10%.

You are required to pass journal entries and give the amended balance sheet.

OR

- b Excel Ltd., made the following issue of debentures on 1-04-97
- i) 200 10% debentures of Rs. 100 each to settle a creditor who supplied a machine on credit sometime ago at a price of Rs. 18,000.

12 b Cont ...

- ii) 300 10% debentures of Rs. 100 each for cash at a discount of 5%.
- iii) 1000 10% debentures of Rs. 100 each to the bankers as collateral security for a loan of Rs. 80,000

All the above issues are redeemable at par.

Pass journal entries to record the above in the books of the company and shows how these items are to be shown when the company's balance sheet is prepared.

13 a S & R Co Ltd was incorporated on July 1, 1992 to purchase the business of Nisha Bros. as on 1-4-92. Certificate of commencement of business was received on 1-8-92. The accounts for the year ended 31-3-93 disclosed net profits of Rs. 80,000 after charging the following :

- i) Directors' salary – Rs. 10,000
- ii) Salaries – Rs. 20,000 (4 employees) in pre incorporation period and six employees in post incorporation period).
- iii) Wages – Rs. 10,200 (5 workers at Rs. 80 per month in pre incorporation period and 10 workers at Rs. 100 month in post incorporation period)

The sales were Rs. 3,00,000 of which Rs. 75,000 were in pre incorporation period
Calculate profit earned in the pre and post incorporation periods.

OR

b Determine the maximum remuneration payable to the part time directors and manager of Bharat Ltd., (a manufacturing company) under section 309 and 387 of the companies Act, 1956 from the following particulars:

Before charging any such remuneration, the profit & loss account showed a credit balance of Rs. 23,05,000 for the year ended 31st March 1998 after taking into account the following matters:

	Rs.
i) Profit on sale of investments	2,05,000
ii) Subsidy received from Government	4,10,000
iii) Loss on sale of fixed assets	65,000
iv) Ex-gratia to an employee	30,000
v) Compensation paid to injured workman	75,000
vi) Provision for taxation	2,79,000
vii) Bonus to foreign technicians	3,12,000
viii) Multiple shift allowance	1,00,000
ix) Special depreciation	75,000
x) Capital expenditure	5,10,000

Company is providing depreciation as per section 350 of the companies act 1956.

14 a A firm earned net profit during the last three years as follows:

	Rs.
I year	36,000
II year	40,000
III year	44,000

The capital investment of the firm is Rs. 1,00,000

A fair return on the capital, having regard to the risk involved, is 10%

Calculate the value of goodwill on the basis of 3 years' purchases of super profit.

OR

b A liquidator is entitled to receive remuneration @ 2% of the assets realized and 3% on the amount distributed among the unsecured creditors. The assets realized Rs. 70,00,000 against which payment was made as follows:

Liquidation expenses Rs. 50,000

Preferential creditors Rs. 1,50,000 and

Secured creditors Rs. 40,00,000; unsecured creditors: Rs. 30,00,000.

Calculate the total remuneration payable to the liquidator.

15 a Balance sheets as on 31.3.1999.

Liabilities	H Ltd.	S Ltd.	Assets	H Ltd	S Ltd
	Rs.	Rs.		Rs.	Rs.
Share capital :			Sundry assets	2,23,000	1,52,000

Rs. 10 each	2,50,000	1,00,000	100% shares in B Ltd.	1,17,000	-
Reserves	50,000	25,000	Preliminary Exp.	-	3,000
Creditors	40,000	30,000			
	<u>3,40,000</u>	<u>1,55,000</u>		<u>3,40,000</u>	<u>1,55,000</u>

The shares of B Ltd. were acquired at Rs. 1,17,000 on 31-3-1999 prepare consolidated balance sheet as on 31-3-99.

OR

- b Calculate minority interest from the balance sheet of Mumbai Ltd:

Balance sheet of Mumbai Ltd as on 31.12.1997

Liabilities	Rs.	Assets	Rs.
Share capital :		Sundry assets	10,00,000
7,00,000 shares of Re. 2 each	14,00,000	Plant and Machinery	7,00,000
General reserve as on 1.1.97	6,00,000	Other assets	1,50,000
Creditors	3,00,000	Investment (80% of shares)	6,50,000
P & L A/ as on 31.12.97	2,00,000		
	<u>25,00,000</u>		<u>25,00,000</u>

Madras Ltd., acquired 80% of the shares a Rs. 6,50,000.

SECTION - C (30 Marks)

Answer any **THREE** Questions

ALL Questions Carry **EQUAL** Marks (3 x 10 = 30)

- 16 X Co., Ltd issued 4,000 shares of Rs. 10 each at a premium of Rs. 2 per share. The amount was payable as under:

On application	Rs. 3 per share
On allotment	Rs. 4 per share (including premium)
On first call	Rs. 3 per share
On second call	Rs. 2 per share

The company received applications for 5,000 shares and the allotment was made as under:

- Applicants for 200 shares - Nil
- Applicants for 800 shares - full
- Applications for 4,000 shares - 3,200 shares

All moneys were duly received except the first call on 200 shares and final call on 300 shares

Pass journal entries and prepare balance sheet of X Co. Ltd.

- 17 G Ltd. issued 2,000 12% debentures of Rs. 100 each on 1-1-98 at a discount of 10% redeemable at premium of 15% in equal annual drawings in 4 years out of profits. Give journal entries both at the time of issue and redemption of debentures. (Ignore the treatment of loss on issue of debentures and interest).

- 18 Moon and Star Co. Ltd is a company with an authorized capital of Rs. 5,00,000 divided into 5,000 equity shares of Rs. 100 each on 31.12.1985 of which 2500 shares were fully called up. The following are the balances are the balances extracted from the ledger as on 31.12.1985.

Trial balance of Moon and Star Co. Ltd.

Debit	Rs.	Credit	Rs.
Opening stock	50,000	Sales	3,25,000
Purchase	2,00,000	Discount received	3,150
Wages	70,000	Profit & loss A/c	6,220
Discount allowed	4,200	Creditors	35,200
Insurance (upto 31.3.86)	6,720	Reserves	25,000
Salaries	18,500	Loan from managing director	15,700
Rent	6,000	Share capital	2,50,000
General expenses	8,950		
Printing	2,400		
Advertisement	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,500		

18 Cont ...

Furniture	17,100	
Bank	34,700	
Bad debts	3,200	
Calls-in-arrears	5,000	
	<u>6,60,270</u>	<u>6,60,270</u>

You are required to prepare statement of profit & loss for the year ended 31.12.1985. The following further information is given:

- Closing stock was valued at Rs. 1,91,500
- Depreciation on plant at 15% and on furniture at 10% should be provided
- A tax provision of Rs. 8,000 is considered necessary
- The directors declared an interim dividend on 15.8.85 for 6 months ending June 30, 1985 @ 6%
- Provide for corporate dividend tax @ 17%.

- 19 The following balances were extracted the books of S Ltd on 31.12.2006 on which date a winding up order was made:

	Rs.
Share capital	
Equity shares -- 20,000 shares of Rs. 10 each, Rs. 8 per share called up	1,60,000
Preference shares -- 2,000 shares of Rs. 100 each fully paid	2,00,000
Call-in-arrears on equity shares -- estimated to relies Rs. 600	1,000
15% debentures secured by first floating charge on the assets	2,00,000
Bank overdraft secured by a second floating charge on the assets	1,00,000
Fully secured creditors (secured against plant & machinery)	60,000
Investments (estimated to realize Rs. 60,000)	80,000
Plant & Machinery -- secured to creditors estimated to realize Rs. 80,000	1,20,000
Land & Buildings -- estimated to realize Rs. 80,000	40,000
Rent & taxes	4,000
Wages & salaries	3,000
Bills payable	24,000
Sundry creditors	60,000
Bills receivable -- estimated to realise Rs. 2,000	6,000
Debtors -- estimated to realize 60%	1,40,000
Bills discounted -- Rs. 30,000 likely to rank	8,000
Contingent liability likely to materialize	6,000
Stock-in-trade -- estimated to produce Rs. 38,000	60,000
Cash in hand and at bank	3,200

Entry for accrued salary of Rs. 4,000 and rent Rs. 2,000 has still to be made in the books. Prepare a statement of affairs and a deficiency A/c.

- 20 The balance sheets of X Ltd. and Y Ltd., as on 31.3.1982 were as follows:

Liabilities	X Ltd. Rs.	Y Ltd. Rs.	Assets	X Ltd Rs.	Y Ltd Rs.
Share capital (Rs.10 each)	10,00,000	2,50,000	Goodwill	1,00,000	50,000
General reserve on 1.4.81	2,00,000	80,000	Buildings	2,00,000	1,00,000
Sundry creditors	2,00,000	1,00,000	Machinery	5,00,000	2,00,000
Bills payable	50,000	30,000	Stock	2,00,000	1,00,000
P & L A/c on 1.4.81	60,000	60,000	Debtors	3,40,000	70,000
Profit for the year 81-82	1,50,000	50,000	Investments	2,40,000	-
			Bills receivable	30,000	30,000
			Cash at bank	50,000	20,000
	<u>16,60,000</u>	<u>5,70,000</u>		<u>16,60,000</u>	<u>5,70,000</u>

- X Ltd. acquired 15,000 shares of Y Ltd. for Rs. 1,90,000 on 1.4.81
- Sundry debtors of X Ltd. include Rs. 30,000 due from Y Ltd.
- Bills receivable of Y Ltd. includes Rs. 10,000 due from X Ltd.
- The stock of Y Ltd. includes goods purchased from X Ltd. at Rs. 10,000 which includes profit charged by X Ltd. at 25% on cost.

Prepare consolidated balance sheet of X Ltd. and its subsidiary Y Ltd. as on 31.3.82