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**D. K. M. COLLEGE FOR WOMEN (AUTONOMOUS), VELLORE-1**

**SEMESTER EXAMINATIONS**

 **NOVEMBER - 2017 15CCO3A / 15CCC3B**

**CORPORATE ACCOUNTING**

**Time : 3 Hours Max. Marks : 75**

**Section – A (10 x 2 = 20)**

**Answer ALL the questions.**

1. What is a share?
2. What do you mean by Allotment of shares?
3. What is a debenture?
4. What is a CRR?
5. From the following compute the Time ratio for the purpose of ascertaining profits prior to incorporation.

Date of sale of the business to the company 31-12-2014

Date of obtaining certificate of incorporation 1-5-2015

Date of obtaining certificate to commerce business 16-7-2015

Date of finalizing the first accounts of the company 30-9-2015.

1. What do you mean by interim dividend?
2. Explain purchase consideration.
3. Explain internal reconstruction.
4. What is meant by Liquidator’s Final statement of account?
5. Write a note on ‘voluntary winding up’.

**Section – B ( 5 x 5 = 25 )**

**Answer any Five of the following questions.**

1. Sky Ltd., Issued 50,000 shares of Rs.10 each at a discount of 10%

On application Rs. 3

On allotment Rs. 2

On 1st & final call Rs. 2

 The company received 60,000 applications and the excess were rejected. All the money was received except 1st & final call on 2,000 shares. Write Journal entries in the books of the company.

1. X was holding 20 shares or Rs. 10 each on which he paid Rs. 2 on application but could not pay

Rs. 3 on allotment and Re. 1 on first call. The directors forfeited the shares. Give journal entry needed for recording the forfeiture of shares.

1. Mohan Company would like to redeem its 10 % 10,000 preference shares of Rs. 10 by issuing the same number of equity shares of Rs. 10 each. The redemption is duly carried out. Pass the necessary journal entries.
2. Journalize transactions when debentures are issued as follows:
3. At 10% premium 12% 2000 debentures of Rs.100 each, redeemable at par
4. At par 12% 2000 debentures of Rs. 100 each redeemable at a premium of 5%
5. At 5% premium 12% 2000 debentures of Rs. 100 each redeemable at 10% premium.
6. From the following details calculate profit before and after incorporation
7. Time Ratio 3 : 4
8. Sales Ratio 2 : 3
9. Gross profit Rs. 5,00,000
10. Expenses:

Salary Rs. 96,000

Discount Rs. 40,000

Rent Rs. 15,000

General Expenses Rs. 12,000

Advertisement Rs. 50,000

Director fees Rs. 18,000.

1. Explain in different methods of Calculating Purchase considerate.
2. Following balances have been extracted from the books of Rama Ltd., on 31st March, 2014.

Equity share capital (1,00,000 shares of Rs.10 each) Rs.10,00,000; Securities premium Rs.2,00,000; 12% Debentures Rs.5,00,000; Creditors Rs.2,00,000; Proposed dividend Rs.50,000; Balance in statement of profit and loss (debit) Rs.50,000; Land and building Rs.9,00,000; Government bonds Rs.5,00,000; Building Rs.3,50,000 and Discount on issue of 12% Debenture Rs.1,00,000; Cash at Bank Rs.50,000.

Debenture were issued on 1st April, 2013 redeemable after 5, years, i.e., on 31st March, 2017.

Surplus, i.e., Balance in statement of profit and loss is before writing off Discount on issue of Debentures.

Prepare the balance sheet of the company as per revised schedule VI, part I of the Companies Act, 1956.

1. The share capital of Zea Ltd., consisted of the following:
2. 10,000 6% preference shares of Rs.100 each and
3. 50,000 equity shares of Rs.10 each

The shares were fully paid. The company had accumulated losses totaling Rs.3,50,000 besides preliminary expenses Rs.20,000. It was also ascertained that fixed assets which stood

in the books at Rs.14,00,000 were over - valued to the extent of Rs.4,00,000. The following scheme was adopted to write off the losses and reduce the assets.

1. 6% preference shares were to be converted into 7% pref. shares of Rs.60 each.
2. Equity shares were to be reduced to Rs.2 each. Journalise.

**Section – C ( 3 x 10 = 30 )**

**Answer ALL the questions.**

1. (a) Essar Limited issued 50,000 equity shares of Rs. 10 each with a premium of Rs. 2 per share

 payable as follows:

 On application Rs. 2; on allotment Rs. 5; on first call Rs. 3 and Rs. 2 on final call.

 Applications were received for 80,000 shares. Allotment was made pro rata to the applicants

 for 75,000 shares and the remaining applications were refused. Money over-paid on application

 was utilized towards shares due on allotment. Ashok, to whom 300 shares were allotted, failed

 to pay allotment and first call, his shares were forfeited after first call. Babu, to whom 400 shares

 were allotted, failed to pay the two calls and even these shares were forfeited after the final call.

 The directors re - issued all the shares at Rs. 9 per share to Kumar as fully paid.

 Show the journal entries.

(Or)

(b) On 31st Dec. 1993 the balance sheet of Sundaram Ltd., stood as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | Rs. | Assets | Rs. |
| Equity Share Capital | 5,00,000 | Sundry assets  | 7,60,000 |
| Redeemable Preference Share Capital | 2,00,000 | Bank | 1,90,000 |
| General Reserve | 1,50,000 |  |  |
| Sundry Creditors | 1,00,000 |  |  |
|  | **9,50,000** |  | **9,50,000** |

 On the above date, the preference shares had to be redeemed. For this purpose, 1,000 equity

 shares of Rs.100 each were issued at Rs. 110. The shares were immediately subscribed and

 paid for. The preference shares were duly redeemed. Give Journal entries and balance sheet

 after redemption.

1. (a) From the under mentioned Trial Balance of Sachin Ltd., prepare Profit and Loss Account for the

 year ended 31st March, 2015 and a Balance Sheet as at that date:

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Rs. | Particulars | Rs. |
| Freehold premisesPurchasesSalariesPlant and MachinerySundry debtorsWagesRentBad debtsStock ( 1-4-2014)Income taxDividendInterim dividendInsurance premiumCash at bankCash | 90,00075,0003,00040,00022,5005,0001,80025010,50012,00013,0008,000907,5002,960 | SalesDiscountTransfer feesGeneral reserveSundry CreditorsProfit & Loss a/c (on 1-4-2014)Share Capital:10,000 Equity shares of Rs. 10 each | 1,35,0001,2001505,00010,25040,0001,00,000 |
|  | 2,91,600 |  | 2,91,600 |

The following adjustments are necessary:

1. Depreciate plant and machinery at 7.5%.
2. Stock on 31st March, 2015 amounted to Rs. 18,000.
3. Bad debts reserve at 2.5% on debtors.
4. One quarter insurance is to be provided.

(Or)

 (b) Z Ltd., was registered on 1-7-2013 to acquire the running business of S & Co., with effect from

 1-1-2013. The following was the profit and loss account of the company on 31-12-2013.

|  |  |  |  |
| --- | --- | --- | --- |
|  Particulars | Rs. | Particulars | Rs. |
| To Office expensesTo formation expenses  (written off)To Stationary & PostageTo Selling ExpensesTo Directors’ FeesTo Net Profit | 54,00010,0005,00060,00020,00076,000 | By Gross profit b/d | 2,25,000 |
|  | 2,25,000 |  | 2,25,000 |

You are required to prepare a statement showing profit earned by the company in the

 pre and post incorporation periods. The total sales for the year took place in the ratio of 1:2 before

 and after incorporation respectively.

1. (a) The following are the summarised balance sheet of A Ltd., and B Ltd., as on 31st March 2004.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities  | A LtdRs. | B Ltd Rs. | Assets | A Ltd Rs. | B LtdRs. |
| Issued Share Capital: |  |  | Goodwill | - | 60,000 |
| Shares of Rs.10 each | 4,00,000 | 3,00,000 | Fixed Assets | 3,00,000 | 1,20,000 |
| Profit and Loss A/c | 70,000 | - | Current tends | 2,10,000 | 1,40,000 |
| Creditors | 40,000 | 1,20,000 | P & L A/c | - | 1,00,000 |
|  | 5,10,000 | 4,20,000 |  | 5,10,000 | 4,20,000 |

 A Ltd., agreed to take over the business of B Ltd., as on the date the balance sheets. After due

 negotiations it was determined that the shares of A Ltd., are worth Rs.12 each and the shares of

 B Ltd., are worth Rs.5 each.

 You are required to make necessary entries in the booth of both companies and draw up

 the balance sheet immediately after take over.

(Or)

 (b) Vijay Ltd., went into liquidation with the following liabilities:

 a) Secured creditors – Rs. 30,000

 (Securities realized – Rs. 35,000)

 b) Preferential creditors – Rs. 700

 c) Unsecured creditors – Rs. 40,500

 Liquidator’s expenses are Rs. 353. He is entitled to a remuneration of 4% on the

 amounts realized (including securities with creditors) and 2% on the amount distributed to

 unsecured creditors. The various assets realized Rs. 36,000.

 Prepare the liquidator’s final statement of account.

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