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| Reg.No : |  |  |  |  |  |  |  |  |  |  |  |

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

**SEMESTER EXAMINATIONS**

**NOVEMBER – 2018 15CCO3A/15CCC3B**

**CORPORATE ACCOUNTING**

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

**SECTION – A (10 X 2 =20)**

**Answer ALL the questions.**

1. What do you mean by forfeiture of shares?
2. What do you mean by preference shares?
3. What do you mean by profits prior to incorporation?
4. What do you mean by capital reduction?
5. B Ltd issued 1000 12% debentures, of Rs.100 each at a discount of 10% and redeemable at a premium of 10%. Show the journal entry.
6. X ltd., which was incorporated on May, 1st 1998 acquired a business on January 1st 1998. The 1st accounts were closed on September 30th 1998. Find out the time ratio.
7. X ltd forfeited 20 shares of Rs.10 each on which Rs.6 per share were paid. These shares were forfeited for non-payment of call money of Rs.4 per share. Give journal entry for forfeiture of share.
8. Mention any four items that would appear in Debit side of Profit & Loss account.
9. What is voluntary winding up?
10. What is debentures?

**SECTION – B (5 X 5 =25)**

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

11. Briefly explain preferential creditors.

12. A Company wishes to redeem its preference shares amounting to Rs.100000 at a premium of 5%.

for this purpose it issued 5000 equity shares of Rs.10 each at a premium of 5%. The company had

Rs.100000 on general reserve and Rs.50000 on profit & loss account.

Pass the necessary journal entries.

13. G Ltd issued 1000 6% debentures of Rs.100 each. Give journal entries in the following cases:

(i) debentures are issued and redeemable at par

(ii) issued at a discount of 6% but redeemable at par

(iii) issued at a premium of 5% but redeemable at par.

14. R Ltd was incorporated on 1.7.94 which took over a running concern with effect from1.1.94. The sales

for the period upto 1.7.94 was Rs.270000 and the sales from 1.7.94 to 31.12.94 amounted to

Rs.330000.

(a) Director’s Fees 15000

(b) Bad debts 18000

(c) Advertisement Rs.500 per month

(d) Salaries 32000

(e) preliminary expenses written off 3000.

The gross profit was Rs.240000. ascertain profit prior to incorporation.

15. Draft the balance sheet of a limited company in prescribed form with imaginary figures.

16. M Company issued 5000 equity shares of Rs.10 each at a discount of Re.1 per share payable as

follows:

Rs.2 on application, Rs.3 on allotment (excluding discount), Rs.3 on first and the balance on second

call. All the amount were duly received. Pass the necessary journal entries.

17. The summarized balance sheet of G Ltd as on 31st Dec2004 was as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **Liabilities** | **Rs.** | **Assets** | **Rs.** |
| Share capital: |  | Sundry asset | 1400000 |
| 2000 9% redeemable shares of  Rs. 100 each fully paid | 200000 |  |  |
| 80000 equity shares of  Rs.10 each fully paid | 800000 |  |  |
| Profit & Loss a/c | 260000 |  |  |
| Creditors | 140000 |  |  |
|  | **1400000** |  | **1400000** |

On the above date the preference shares were redeemed at a premium of 10%. You are required to

pass journal entries.

18. The Ultra Ltd went into liquidation. Its assets realized Rs.350000 excluding amount realized by sale of

securities held by the secured creditors.

Secured creditors (securities realized Rs.40000) 35000

Preferential creditors 6000

Unsecured creditors 140000

Debentures 250000

Liquidation expenses 5000

Liquidator’s remuneration 7500

Prepare liquidator’s final statement.

**SECTION – C (3 X 10 =30)**

**Answer ALL the questions.**

19. (a) G Ltd issued 4000 shares of Rs.10 each at a premium of Rs.2 per share. The shares were payable

as follows: Rs.2 on application, Rs.5 on allotment, (including premium), Rs.5 on first & final call. All

the shares were applied for and allotted. All moneys were received with exception of first and final

call on 100 shares which were forfeited. 40 of these shares were reissued as fully paid at Rs.8 per

share. Give the necessary journal entries.

(Or)

(b)The Following is the summarized balance sheet of a company:

|  |  |  |  |
| --- | --- | --- | --- |
| **Liabilities** | **Rs.** | **Assets** | **Rs.** |
| 1000, 10% Preference shares of Rs.100 each | 1,00,000 | Sundry assets | 8,10,000 |
| 50,000 Equity shares of Rs.10 each | 5,00,000 | Cash at Bank | 90,000 |
| General reserve | 1,00,000 |  |  |
| Capital reserve | 50,000 |  |  |
| Creditors | 1,50,000 |  |  |
|  | **9,00,000** |  | **9,00,000** |

For the purpose of redemption of preference shares, made a fresh issue of 4,500 equity shares of

Rs.10 each at a premium of 10%.The preference shares were redeemed at a premium of 10%.

Show journal entries and prepare the balance sheet after redemption.

20. (a) Shiva and Bishnu working in partnership registered a joint stock company under the name Om

Bishnu Ltd., on 1st September, 2008 to take over their existing business with effect from 1st April,

2008.

The profit and loss account of Om Bishnu Ltd., for the year ended 31st March, 2009 was as

follows.

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Rs.** | **Particulars** | **Rs.** |
| Salaries and Wages | 12,000 | Gross profit B/d | 84,000 |
| Debentures interest | 5,000 |  |  |
| Depreciation | 2,000 |  |  |
| Interest on purchase consideration  (up to 30.9.98) | 10,800 |  |  |
| Selling Commission | 12,000 |  |  |
| Director’s fees | 800 |  |  |
| Preliminary expenses – Written off | 1,000 |  |  |
| Provision for taxes | 3,000 |  |  |
| Dividend on equity shares at 5% | 6,000 |  |  |
| Balance Carried down | 31,400 |  |  |
|  | **84,000** |  | **84,000** |

Sales for the year totalled Rs.2,25,000 out of which Rs.1,50,000 relates to the period from 1st

September, 2008 to 31st March, 2009.

Prepare a statement apportioning the profits between pre and post –incorporation periods indicating

your allocation.

(Or)

(b) A Company issued 6% Debentures of Rs.6,00,000 with a condition that they should be redeemed

after 3 years at 10% premium. The amount set aside for the redemption of debentures is invested in

5% Government securities. The sinking fund table shows that Rs.0.31720856 at 5% compound

interest in three years will become Re.1. You are required to give journal entries and open ledger

account for recording the transactions for the three years.

21. (a) The Balance sheet of gloomy ltd was as follows on 30th June 1978.

|  |  |  |  |
| --- | --- | --- | --- |
| **Liabilities** | **Rs.** | **Assets** | **Rs.** |
| 4000 shares of Rs.100 each fully paid | 400000 | Goodwill | 60000 |
| 6% debentures | 200000 | Land & buildings | 100000 |
| Sundry creditors | 250000 | Plant & Machine | 400000 |
|  |  | Stock | 90000 |
|  |  | Sundry debtors | 60000 |
|  |  | Preliminary exp | 10000 |
|  |  | Profit & loss a/c | 130000 |
|  | **850000** |  | **850000** |

In order to reconstruct the company, wiping off the fictitious and intangible assets and writing down plant and machinery to its proper figure of Rs.300000, the shares were reduced to Rs.20 each. Court’s approval was obtained. Show the necessary journal entries and the balance sheet offer reduction.

(Or)

(b) The following balances are extracted from the books of Regency Ltd., as on 31st March, 2014:

**Trial Balance as on 31st March, 2014.**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Dr.(Rs)** | **Cr.(Rs)** |
| Stock on 1st April, 2013 | 51,000 |  |
| Purchases | 8,10,000 |  |
| Sales |  | 11,10,000 |
| Manufacturing expenses | 1,80,000 |  |
| Salaries and Wages | 26,400 |  |
| General charges | 11,000 |  |
| Interest |  | 2,600 |
| Profit and loss account |  | 30,000 |
| Director’s fees | 1,400 |  |
| Dividend for 2012 – 13 | 18,000 |  |
| Buildings | 1,00,000 |  |
| Plant and machinery | 70,000 |  |
| Furniture | 10,600 |  |
| Motor vehicles | 40,800 |  |
| Stores and spare parts | 30,000 |  |
| Bills receivable | 45,000 |  |
| Book debts | 1,14,000 |  |
| Investments | 8,000 |  |
| Share capital |  | 1,44,000 |
| Pension fund |  | 46,000 |
| Dividend equalization fund |  | 20,000 |
| Taxation provision |  | 17,000 |
| Unclaimed dividend |  | 2,000 |
| Deposits |  | 3,200 |
| Trade Creditors |  | 2,48,000 |
| Cash at Bank | 1,06,600 |  |
|  | **16,22,800** | **16,22,800** |

**Additional information :**

1. Stock on 31st March, 2014 Rs.73200.
2. Outstanding expenses ; Manufacturing expenses Rs.45,000 and wages Rs.3,000.
3. Interest accrued on investments Rs.400.
4. General charges prepaid Rs.1,500.
5. Provide depreciation on building at 2% p.a., on Plant and machinery at 10 p.a., on furniture at 10% p.a., and on motor vehicles at 20% p.a.
6. Directors propose a dividend at 20%.
7. Provisions for taxation shown in trial balance is after payment of taxes for the assessment year 2012-13. For current year provision for tax to be made at 40% of net profit.

Prepare trading and profit and loss account and balance sheet.

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