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**D.K.M. COLLEGE FOR WOMEN (AUTONOMOUS),  
VELLORE – 1  
SEMESTER EXAMINATIONS  
NOVEMBER – 2018  
15CCO3A/15CCC3B  
CORPORATE ACCOUNTING**

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**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, 1<sup>st</sup> 1998 acquired a business on January 1<sup>st</sup> 1998. The 1<sup>st</sup> accounts were closed on September 30<sup>th</sup> 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 from 1.1.94. 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 31<sup>st</sup> Dec2004 was as follows:

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Share capital:		Sundry asset	14000 00
2000 9% redeemable shares of Rs. 100 each fully paid	20000 0		
80000 equity shares of Rs.10 each fully paid	80000 0		
Profit & Loss a/c	26000 0		
Creditors	14000 0		
	<b>14000 00</b>		<b>14000 00</b>

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:

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
1000, 10% Preference shares	1,00,000	Sundry assets	8,10,000

of Rs.100 each			
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		
	<b>9,00,000</b>		<b>9,00,000</b>

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 1<sup>st</sup> September, 2008 to take over their existing business with effect from 1<sup>st</sup> April,

2008.

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

follows.

<b>Particulars</b>	<b>Rs.</b>	<b>Particulars</b>	<b>Rs.</b>
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		
	<b><u>84,000</u></b>		<b><u>84,000</u></b>

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

September, 2008 to 31<sup>st</sup> 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 30<sup>th</sup> June 1978.

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
4000 shares of Rs.100	40000	Goodwill	60000

each fully paid	0		
6% debentures	20000	Land & buildings	10000
	0		0
Sundry creditors	25000	Plant & Machine	40000
	0		0
		Stock	90000
		Sundry debtors	60000
		Preliminary exp	10000
		Profit & loss a/c	13000
			0
	<b><u>85000</u></b>		<b><u>85000</u></b>
	<b><u>0</u></b>		<b><u>0</u></b>

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 after reduction.

(Or)

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

**Trial Balance as on 31<sup>st</sup> March,**

**2014.**

<b>Particulars</b>	<b>Dr.(Rs)</b>	<b>Cr.(Rs)</b>
Stock on 1 <sup>st</sup> 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	
	<b>16,22,800</b>	<b>16,22,800</b>

**Additional information :**

1. Stock on 31<sup>st</sup> 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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