Reg.No. \_\_\_\_\_\_\_\_\_\_\_\_

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**End Semester Examination – Nov/Dec – 2018**

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| **Code : 17BC2013** |  | **Duration :** | **3hrs** |
| **Sub. Name : CORPORATE ACCOUNTING I** |  | **Max. marks :** | **100** |

**ANSWER ALL QUESTIONS (5 x 20 = 100 Marks)**

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| **Q. No.** | **Sub Div.** | **Questions** | **Course**  **Outcome** | **Marks** |
| 1. |  | P Ltd. issued a prospectus inviting applications for 1,00,000 equity shares of Rs 10 each, payable as to Rs 2.50 p. with application, Rs 3.50 p. on allotment and the balance on first and the final call. Applications were received for 99,000 shares only.  All the applications were accepted in full. The call was also made in due course of time. All moneys were duly received. Journalise all the above-mentioned transactions including cash transactions. | CO3 | 20 |
| (OR) | | | | |
| 2. | a. | Explain the conditions of redemming preference shares. | CO2 | 10 |
| b. | Kitkat Co. Ltd. Issued 50,000 Equity shares of Rs.10 each and 3000, 10% Preference shares of Rs.100 each, all shares being fully paid. On 31.3.08, Profit and Loss Account showed an undistributed profit of rs.50,000 and General Reserve Account stood at Rs.1,20,000. On 2.4.08, the directors decided to issue 1500, 6% Preference shares of Rs.100 each for cash and to redeem the existing preference shares at Rs.105 utilizing as much as would be required for the purpose. Show the journal entries to record the transactions. | CO3 | 10 |
| 3. |  | Moon Ltd., which was incorporated on 1st June 2009, took over the business of N, a proprietary concern, from 1st January 2009, for Rs. 1,00,000 on condition that all profits earned from 1.1.2009 shall belong to the company. Following are the data for Profit and Loss Account for the year ended 31st December 2009:  Gross Profit Rs. 2,00,000; Salaries and Bonus Rs. 15,000; Rent Rs. 1,000; Bad Debts Rs. 5,000; Preliminary Expenses Rs. 9,000; Commission on Sales Rs. 12,000; Interest payable to or against purchase consideration Rs. 1,000; Directors’ fees Rs. 3,000; Managing Directors’ Remuneration Rs. 14,600; Establishment Charges Rs. 21,000; Depreciation Rs. 10,000; and Advertisement Rs. 27,000.  (a) Sales for first six months amounted to Rs. 10,00,000; rate of gross profit being 12% on sales. In the second six months, rate of gross profit was 8% on sales. Commission on sales was at 6% throughout the year. Question of stock and work-in-progress does not arise in the business.  (b) N used to carry out the business up to 31.5.2009 in own premises without any depreciable assets on cash sales basis only.  (c) Advertisement for the first six months was at the rate of Rs. 4,000 per month.  Prepare a Statement of Profit Account for pre-incorporation and post-incorporation periods in columnar form stating against each items the basis of segregation. How much was the pre-incorporation profit? Take calendar months as of equal length. Confine to the data given only. | CO3 | 20 |
| (OR) | | | | |
| 4. |  | From the following trial balance and additional information, prepare a trading and profit and loss account for the year ended 31 March 2017 and a balance sheet as at the same date of XYZ Ltd.  Trial balance as at 31 March 2007:   |  |  |  | | --- | --- | --- | |  | **Dr (Rs)** | **Cr (Rs)** | | Tax payable |  | 90,000 | | Net sales |  | 930,000 | | Net purchases | 320,000 |  | | Stock | 30,000 |  | | Salaries & wages | 180,000 |  | | Rent & rates | 140,000 |  | | Water & electricity | 21,000 |  | | Trade creditors |  | 119,600 | | Trade debtors | 321,000 |  | | Insurance | 51,000 |  | | Cash in hand | 20,000 |  | | Cash at bank | 134,000 |  | | Plant & machinery | 420,000 |  | | Furniture & fittings | 97,600 |  | | Share Capital 7000 shares of Rs.100 Each fully paid up |  | 700,000 | | Drawings | 15,000 |  | | Fixed deposits with bank | 300,000 |  | | Bank loan |  | 170,000 | | Provision for depreciation – plant & machinery |  | 30,000 | | Provision for depreciation – furniture & fittings |  | 10,000 | |  | 2,049,600 | 2,049,600 | |  |  |  |   Additional information:  Closing stock amounted to Rs.70,000.  Provision for depreciation is to be made for the current year:  Plant & machinery @ 10% on book value.  Furniture & fittings @ 8% on book value  Provide for doubtful debts: 4% of total debtors.  **Required:**Prepare a trading and profit and loss account for the year ended 31 March 2017 and a balance sheet as at that date. | CO4 | 20 |
| 5. |  | The following particulars are available in respect of the business of Lucky Ltd.:  (a) Profits earned for the years:  **[http://cdn.yourarticlelibrary.com/wp-content/uploads/2016/03/clip_image047_thumb2_thumb-8.jpg](http://cdn.yourarticlelibrary.com/wp-content/uploads/2016/03/clip_image047_thumb2-8.jpg)**  (b) Normal rate of return =10%  (c) Capital employed = Rs 30,00,000  (d) Present value of an annuity of one rupee for 5 years at 10% = Rs 3.78  (e) The profits included non-recurring profits on an average basis of Rs 30,000 a year.  You are required to calculate the value of goodwill of the company:  (i) As per five years purchase of super-profits;  (ii) As per capitalization of super-profits method; and  (iii) As per annuity method | CO3 | 20 |
| (OR) | | | | |
| 6. | a. | Discuss in detail the methods of valuing Human Resources incorporate world | CO2 | 10 |
| b. | Explain various methods of valuing shares | CO2 | 10 |
| 7. | a. | Consolidate the following balance sheets as on 31st March, 2009:   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | Liabilities | H | S | Assets | H | S | | Capital Re. 1 shares | 1,600 | 2,000 | 1,800 Share in S | 1,600 | - | | Creditors | - | 800 | Sundry assets | - | 2,400 | |  |  |  | Profit & Loss A/c | - | 400 | | Total: | 1,600 | 2,800 | Total: | 1,600 | 2,800 |   At the date of acquisition, S had a debit balance of profit and loss account of Rs.300. | CO3 | 10 |
| b. | Explain the procedure for calculating minority interest. | CO2 | 10 |
| (OR) | | | | |
| 8. |  | The books of Jai Prakash Insurance Co.Ltd. contain the following information in respect of fire Insurance as on 31.3.2006   |  |  |  |  | | --- | --- | --- | --- | | **Particulars** | **Rs.(in ‘000)** | **Particulars** | **Rs.(in ‘000)** | | Provision for unexpired risk (1.4.2005) | 80,000 | Refund of double taxation | 600 | | Estimated liability in respect of outstanding claims: on 1.4.2005 | 10,000 | Management expenses | 55,000 | | Estimated liability in respect of outstanding claims: on 31.3.2006 | 15,000 | Interest and dividends | 8,000 | | Medical expenses regarding claims | 1,000 | Legal expenses regarding claims | 1,500 | | Claims paid | 70,000 | Profit on sale of investments | 1,750 | | Reinsurance premium | 14,500 | Additional reserve on 31.3.2005 | 60,000 | | Reinsurance Recoveries | 1,500 | Commission on reinsurance ceded | 3,000 | | Premiums | 1,90,000 | Commission on reinsurance accepted | 1,000 | | Commission on direct business | 25,000 |   Additional reserve is to be increased by 10% of the net premium.  Prepare revenue A/c keeping the reserve for unexpired risk @ 50% of the premium income | CO4 | 20 |
|  | | **Compulsory**: |  |  |
| 9. |  | From the following information, prepare profit and loss a/c of Sadesh bank ltd. For the year ended 31.12.2006   |  |  | | --- | --- | | Particulars | Rs (000) | | Interest on fixed deposit | 430 | | Interest on loans | 650 | | Discount on bills discounted | 415 | | Interest on bank overdraft | 210 | | Interest on cash credit | 410 | | Interest on saving bank deposits | 125 | | Salaries and allowances | 140 | | Rent. taxes | 40 | | locker rent | 5 | | Repairs to bank property | 2 | | Commission exchange and brokerage | 24 | | Directors fees and allowances | 25 | | Transfer fees | 2 | | Provident fund contribution | 12 | | Local committee fees and allowances | 10 | | Audit fees | 12 | | Printing and stationary | 4 | | Loss on sale of government securities | 5 | | Loss on sale of furniture | 2 | | Postage and telegrams | 2 | | Depreciation | 10 | | Advertisement | 4 | | Legal charges | 4 |   Additional information  i.Rebate on bills discounted on 31.12.2006 Rs. 19,000  ii.Rebate on bills discounted on 31.12.2005 Rs. 26,000  iii.Bad debts written off Rs.40,000  iv.Provide for tax Rs. 50,000 | CO4 | 20 |
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