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



**End Semester Examination – Nov / Dec – 2019**

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| **Code :** | **17BC2013** | **Duration :** | **3hrs** |
| **Sub. Name :** | **CORPORATE ACCOUNTING – 1** | **Max. Marks :** | **100** |

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

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| **Q. No.** | **Sub Div.** | | **Questions** | | | **Course**  **Outcome** | | **Marks** |
| 1. | a. | | Ali Ahmed & Company is Public Limited Company listed in Karachi Stock Exchange. Company formed in 2006, under Authorized Shares 100,000 of worth Rs.100 each. Company has decided to raise equity finance by issuing 20,000 equity shares at a Premium of Rs. 20 per share payable as follows: on Application Rs. 30; on Allotment Rs. 50 (including Premium); on First Call Rs. 20 and on Final Call Rs. 20. Applications were received for 24,000 of equity shares. 4,000 Applications were refunded and remaining were transferred to all other applicants. Mr. Khan, the holder of 1,000 shares, failed to pay First Call Money. On his subsequent failure to pay the Final Call Money, the shares were forfeited. After forfeiture, 500 shares reissued at Rs.90 each. Show the Journal entries; Bank Book and Balance Sheet. | | | CO3 | | 15 |
| b. | | State the provisions regarding underwriting of shares. | | | CO2 | | 5 |
| **(OR)** | | | | | | | | |
| 2. | | a. | | **The following is the balance sheet of Punjab Wools Ltd. as on March 31, 2005**  [clip_image032_thumb2_thumb-1](http://cdn.accountingnotes.net/wp-content/uploads/2017/01/clip_image032_thumb2-1.jpg)  Company decided to redeem both the classes of preference shares on 31st March 2006 at 5% premium. The company issued for cash so many equity shares of Rs. 10 each as were necessary to provide for redemption of both classes of preference shares which could not otherwise be redeemed. The issue was fully subscribed. Pass journal entries and prepare balance sheet after redemption. | | CO4 | | 10 |
| b. | | Subhash ltd. was incorporated on 1st march, 2010 and received its certificate of commencement of business on 1st April, 2010. The company bought the business of M/S small and co. with effect from 1st Nov. 2009. From the following figures relating to the year ending 31st oct. 2010, find out the profits available for dividends.  a) Sales for the year were Rs. 6,00,000 out of which sales up to 1st march , were Rs. 2,50,000 b) Gross profit for the year was Rs. 1,80,000 c) The expenses debited to the profit and loss account were : Rent 9000 salaries 15000 director's fees 4800 interest on debentures 5000 discount on sales 3600 depreciation 24000 general expenses 48000 advertising 18000 stationery expenses 3600 commission on sales 6000 Bad debts Rs. 500 relate to debts created prior to incorporation. Rs.1500 interest to vendor on purchase consideration up to 1st May 2010. | | CO4 | | 10 |
| 3. | |  | | The authorized capital of Inter - State Distributors Ltd. is  Rs 7, 50,000 consisting of 3,000 6% cumulative preference shares of Rs 100 each.The following is the trial balance drawn up on 31st December 2004: [clip_image089_thumb2_thumb_thumb_thumb](http://cdn.accountingnotes.net/wp-content/uploads/2017/01/clip_image089_thumb2_thumb_thumb.jpg)  (a) The value of stock on 31st December 2004 was Rs 2,15,000  (b) Depreciation on freehold properties is to be provided at 2½ % and on furniture at 6%.  You are required to prepare final accounts of the company. | | CO3 | | 20 |
| **OR)** | | | | | | | | |
| 4 | | a. | | Define equity shares. Discuss the methods of valuing equity shares. | CO2 | | 10 | |
| b. | | **From the following information calculate the value of goodwill on the basis of 3 years purchase of super profits of the business**  (i) Capital employed – Rs. 50,000  (ii) Trading profit (after tax):  2010- Rs. 12,200;  2011- Rs. 15,000;  2012- Rs. 2,000 (loss); and  2013- Rs. 21,000  (iii) Rate of interest expected from capital having regard to the risk involved is 10%.  (iv) Remuneration from alternative employment of the proprietor (if not engaged in business) Rs. 3,600 p.a. | CO3 | | 10 | |
| 5. | |  | | **The summarised Balance Sheet of Sunrise Ltd. as on 31st December, 2018 was as under:**  [clip_image091_thumb2_thumb_thumb-1](http://cdn.accountingnotes.net/wp-content/uploads/2017/01/clip_image091_thumb2_thumb-1.jpg)  On 31.12.2018 the following scheme of capital reduction was taken:  (a) The equity shares were reduced to 25 paise each.  (b) The preference shares were reduced to Rs 3.75 each and the rate of dividend on them to 5%.  (c) The directors were to be refunded Rs 50,000 fees, they had received in Cash.  (d) The investments were valued at Rs 25,000 Stock at Rs 50,000 and the Debtors at Rs 40,000. There was no actual liability to workmen in Hooghly. The assets were to be written down accordingly; any fictitious assets were to be eliminated; only necessary reserves were to be retained. Show the necessary entries. | CO5 | | 20 | |
| **(OR)** | | | | | | | | |
| 6. | |  | | Explain the methods of accounting for price level changes. | CO3 | | 20 | |
|  | |  | |  |  | |  | |
| 7. | |  | | The following information has been extracted from the balance sheets of P Ltd. and S Ltd. as on 31st March, 2019: **[clip_image002_thumb2_thumb-16](http://cdn.yourarticlelibrary.com/wp-content/uploads/2016/03/clip_image002_thumb2-14.jpg)**  P Ltd. takes over S Ltd. on 1st April, 2019, and discharges consideration for the business as follows:  (i) Issued 35 lakh fully paid equity shares of Rs 10 each at par to the equity shareholders of S Ltd.  (ii) Issued fully paid 12% preference shares of Rs 10 each to discharge the preference shareholders of S Ltd. at a premium of 10%.  It is agreed that the debentures of S Ltd. will be converted into equal number and amount of 10% debentures of P Ltd.  You are required to show the balance sheet of P Ltd. assuming that the amalgamation is in the nature of purchase. | CO6 | | 20 | |
| **(OR)** | | | | | | | | |
| 8. | |  | | Balance sheets as on 31st March, 2019.   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | Liabilities | H Ltd | S Ltd | Assets | H Ltd | S Ltd | | Equity Shares of  Rs. 10 each fully  paid | 5,00,000 | 2,00,000 | Fixed Assets | 3,00,000 | 1,00,000 | | General Reserve | 1,00,000 | 50,000 | 60% shares in  S Ltd. at cost | 1,62,400 | ---------- | | Profit and loss  Account | 60,000 | 35,000 | Current Assets | 2,77,600 | 2,39,000 | | creditors | 80,000 | 60,000 | Preliminary  Expenses | ---------- | 6,000 | | Total | 7,40,000 | 3,45,000 | Total | 7,40,000 | 3,45,000 |   H Ltd. acquired the share on 1st April 2018 on which date General Reserve and profit and loss Account of S Ltd. showed balances of Rs. 40,000 and Rs. 8,000 respectively. No part of preliminary expenses was written off during the year ending 31stMarch, 2019. Prepare the consolidated balance sheet of H Ltd. and its subsidiary S Ltd. as on 31st March 2019. | CO6 | | 20 | |
|  | | | |  |  | |  | |
| 9. | |  | | From the following balances extracted from the books of Tushar Bank Ltd.,Akola, prepare the Profit and Loss Account for the year ended 31st March 2015 and the Balance Sheet as on that date.  **Particulars Rs**.  Current accounts 1,60,00,000  Savings Accounts 60,00,000  Fixed and time deposits 19,00,000  Acceptances 4,00,000  Unclaimed dividend 60,000  Dividend 2013-2014 1,00,000  Profit and Loss A/c (Credit) on 1-4-2015 4,20,000  Reserve fund 7,00,000  Share Capital: 20,000 shares of Rs. 50 each. 10,00,000  Interest and discount received 15,00,000  Interest paid 4,00,000  Borrowings from other banks 14,00,000  Money at call 6,00,000  Investments (Market value Rs. 62,00,000) 60,00,000  Premises  (After depreciation upto 31-3-2014 Rs. 2,00,000) 24,00,000  Sundry creditors 60,000  Bills payable 16,00,000  Bills for collection 2,80,000  Salaries 1,60,000  Rent and taxes 40,000  Audit fee 4,000  Printing 10,000  General expenses 6,000  Cash in hand 1,20,000  Cash with R.B.I. 30,00,000  Cash with other banks 26,00,000  Bills discounted and purchased 12,00,000  Loans, overdrafts and cash credits 1,40,00,000  **Adjustments :**  i) Authorised share capital is Rs. 20,00,000 divided into 40,000  shares of Rs.50 each.  ii) Rebate on bills discounted amounted to Rs. 10,000.  iii) Create a provision for taxation Rs. 2,00,000.  iv) Provision for bad and doubtful debts is required to be made at  Rs. 60,000.  v) Provide 5% depreciation on the original amount of premises. | CO3 | | 20 | |