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



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

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| **Code :** | **18PA2014** | **Duration :** | **3hrs** |
| **Sub. Name :** | **CORPORATE ACCOUNTING** | **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. | Briefly explain the Salient features of Company. | CO1 | 20 |
| **(OR)** | | | | |
| 2. | a. | Ram & Co Ltd authorized to issue 10000 shares of Rs 10 each at a premium of 10 payable as follows.  On Application Rs.3  On Allotment Rs.4  First and Final Call Rs.4  The company received 12000 applications, the excess 1000 applications are rejected, and remaining applications are made in allotment on PRO-RATA basis. All the call money due are received, pass the journal entry in the books of the company. | CO2 | 20 |
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| 3. | a. | **CO1 20 Marks**  James & Co. Ltd is a company with authorized capital of Rs. 5000 equity shares of Rs. 100 each on 31.12.2003 of which 2500 shares were called up. The following are the balances extracted from the ledger as on 31.12.2003.  **Trial balance of James & Co. Ltd.**   |  |  |  |  | | --- | --- | --- | --- | | **Particulars** | **Rs** | **Particulars** | **Rs** | | Opening stock | 50000 | Sales | 325000 | | Purchases | 200000 | Discount received | 3150 | | Wages | 70000 | Profit and Loss A/C | 6220 | | Discount Allowed | 4200 | Creditors | 35200 | | Insurance up to (31.3.2004) | 6720 | Reserves | 25000 | | Salaries | 18500 | Loan from Managing Director | 15700 | | Rent | 6000 | Share Capital | 250000 | | General Expenses | 8950 |  |  | | Printing | 2400 |  |  | | Advertisement | 3800 |  |  | | Bonus | 10500 |  |  | | Debtors | 38700 |  |  | | Plant | 180500 |  |  | | Furniture | 17100 |  |  | | Bank | 34700 |  |  | | Bad debts | 3200 |  |  | | Calls-in-arrears | 5000 |  |  | |  | 660270 |  | 660270 |   You are required to prepare Profit & Loss Account for the year ended 31.12.2003 and a balance sheet as on that date. The following further information is given.  (a) Closing stock was valued at Rs. 191500.  (b) Depreciation on Plant at 15% and on furniture at 10% should be provided.  (c) A tax provision of Rs.8000 is considered necessary.  (d) The directors declared an interim dividend on 15.8.03 for 6 months ending June 30, 2003 @ 6% | | | |
| **(OR)** | | | | | |
| 4. | a. | Briefly explain the distinction between a Partnership and a Company. | CO4 | 20 | |
|  |  |  |  |  | |
| 5. | a. | CO5  Following a series of losses ABT Co. Ltd., resolved to reduce its capital to 50000 fully paid Rs. 5 shares and to eliminate share premium account. The company’s Balance Sheet prior to implementation of the scheme was:   |  |  |  |  | | --- | --- | --- | --- | | **Liabilities** | **Rs** | **Assets** | **Rs** | | **Share Capital:** |  | Goodwill | 100000 | | 50000 fully paid shares of Rs 10each | 500000 | land & Building | 162000 | | Securities Premium | 50000 | Plant & Machinery | 207000 | | Creditors | 62000 | Stock | 92000 | | Bank Overdraft | 73000 | Debtors | 74000 | |  |  | Profit & Loss A/c | 50000 | |  | 685000 |  | 685000 |   It was resolved to apply the sum available under the scheme:   1. To write off the goodwill account 2. To write off the debit balance of the Profit & Loss account 3. To reduce the book values of the assets by the following amounts:   Land and Building 42000  Plant and Machinery 67000  Stock 33600  d) To provide a bad debts reserve of 10% of the book value of debtors.  Show the journal entries to give effect to the scheme and prepare the revised balance sheet after its implementation. | | 20 | |
| **(OR)** | | | | | |
| 6. | **CO4 20 Marks**  The following is the Balance Sheet of Malar Industries Ltd. On.31st Dec 2005.   |  |  |  |  | | --- | --- | --- | --- | | **Liabilities** | **Rs** | **Assets** | **Rs** | | **Share Capital** |  | Goodwill | 45000 | | 60000 6% preference shares of Rs 100 each | 600000 | Land & Building | 600000 | | 12000 equity shares of Rs 100 each | 1200000 | Plant & machinery | 900000 | | 8% Debenture | 300000 | Stock | 130000 | | Bank overdraft | 300000 | Debtors | 140000 | | Sundry creditors | 150000 | Cash | 15000 | |  |  | Profit & Loss A/c | 700000 | |  |  | Preliminary Expenses | 20000 | |  | 2550000 |  | 2550000 |   On the above date, the company adopted the following scheme of reconstruction.   1. The equity shares to be reduced to shares of Rs.40 each fully paid and the preference shares to be reduced to fully paid shares of Rs.75 each. 2. The debenture holders took over stock and debtors in full satisfaction of their claims. 3. The land & Building to be appreciated by 30% and Plant & Machinery to be depreciated by 30%. 4. The fictitious and intangible assets are to be eliminated. 5. Expenses of reconstruction amounted to Rs.5000.   Give journal entries incorporating the above scheme of reconstruction and prepare the reconstructed Balance Sheet . | | | | |
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| 7. | **CO4 20 Marks**  From the following information relating to Vijaya Bank Ltd., prepare the profit & Loss A/c for the year ended 31st December, 2007.   |  |  |  |  | | --- | --- | --- | --- | |  | **Rs** |  | **Rs** | | Rent received | 72000 | Salaries and allowances | 218800 | | Exchange and commission | 32800 | Postage | 5600 | | Interest on fixed deposits | 1100000 | Sundry charges | 4000 | | Interest on savings bank A/cs | 272000 | Director's & Auditor's fee | 16800 | | Interest on overdrafts | 216000 | Printing | 8000 | | Discount on bills discounted | 780000 | Law charges | 3600 | | Interest on current accounts | 168000 | Locker rent | 1400 | | Interest on cash credits | 892000 | Transfer fee | 2800 | | Depreciation on bank property | 20000 | Interest on Loan | 1036000 |   . | | | | |
| **(OR)** | | | | | |
| 8. | **CO3 20 Marks**  The following balances are abstracted from the books of New Bharat Life Insurance Co. Ltd., as on 31.3.2006.   |  |  |  |  | | --- | --- | --- | --- | |  | **Rs.** |  | **Rs.** | | Life Assurance Fund(1.4.2005) | 1500000 | Claims paid during the year | 64900 | | Premiums | 496000 | Annunities | 2050 | | Consideration for annuities granted | 15000 | Bonus in reduction of premiums | 1600 | | Interest & Dividends | 100000 | Medical fees | 2400 | | Fines for revival of policies | 750 | Surrenders | 4000 | | Reinsurance premium | 20750 | Commission | 18650 | | Claims outstanding (1.4.2005) | 4500 | Management expenses | 22000 | |  |  | Income tax on Dividends | 8500 | |  |  |  |  |   Prepare Revenue A/c after making the following adjustments:   |  |  | | --- | --- | |  | **Rs.** | | i) Outstanding balances |  | | Claims | 14000 | | Premiums | 4600 | | ii) Further bonus for premium | 2400 | | iii) Claim under reinsurance | 8000 | |  |  | | | | | |
|  |  | | | | |
|  | **Compulsory**: | |  |  | |
| 9. | **CO5 20 Marks**  Ram Co. Ltd was incorporated on May 2008 to take over the business of X & Co.’ as a going concern from January 1, 2008. The profit and loss account for the year ending December 31, 2008 was as follows.  **Profit and Loss A/C of “Ram” Co. Ltd. for the year ended 31.12.2008**  **Dr Cr**   |  |  |  |  | | --- | --- | --- | --- | | **Particulars** | **Rs.** | **Particulars** | **Rs.** | | To Rent and Taxes | 12000 | By Trading account | 155000 | | To Insurance | 3000 | (Gross Profit) |  | | To Electricity charges | 2400 |  |  | | To Salaries | 36000 |  |  | | To Director fee | 3000 |  |  | | To Auditors fee | 1600 |  |  | | To Commission | 6000 |  |  | | To Advertisement | 4000 |  |  | | To Discount | 3500 |  |  | | To Office expenses | 7500 |  |  | | To Carriage | 3000 |  |  | | To Bank Charges | 1500 |  |  | | To Preliminary expenses | 6500 |  |  | | To Bad debts | 2000 |  |  | | To Interest on Loan | 3000 |  |  | | To Net Profit | 60000 |  |  | |  | 155000 |  | 155000 |   The total turnover for the year ending December 31, 2008 was Rs. 500000 Divided into Rs.150000 for the period up to may 1, 2008 and Rs.350000 for the remaining period. Ascertain the profits earned prior to the incorporation of the company. | | | | |