



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.B.A.DEGREE EXAMINATION – BUSINESS ADMINISTRATION

FOURTH SEMESTER – **APRIL 2019**

16/17UBU4ES01– CORPORATE ACCOUNTING

Date: 08-04-2019
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

PART – A

Answer **ALL** the questions:

(10 x 2 = 20 marks)

1. State any two items appearing under other income.
2. Define the term 'Dividend'.
3. What is cash from financing activities?
4. What do you mean by firm underwriting?
5. What is Capital Redemption Reserve?
6. What is 'Sinking fund'?
7. How do you calculate sales ratio?
8. Mohan issued 30,000 equity shares of Rs.100 each. 75% of the issue was underwritten by Madan. Application for 21,000 shares were received in all by the company. Determine the liability of Madan.
9. Zahara Ltd, issued 1,000 8% debentures of Rs.100 each. Give journal entries, if the debentures were issued at a discount of 5%, repayable at par.
10. Ganesh Ltd., was incorporated on 1st May 2016 to purchase the running business of Jayash& Co. With effect from 1st January 2016. The company obtained certificate of commencement of business on 24th August 2016. Calculate the time ratio, if the accounts were finalised on 31st December 2016.

PART – B

Answer any **FOUR** questions:

(4 X 10 = 40 marks)

11. Explain different types of debentures.
12. Briefly explain the different types of underwriting.
13. Explain the different methods of redemption of debentures.
14. The following ledger balances were extracted from the books of Vallen Ltd.as on 31st March 2013.
Land & Building Rs. 2,00,000; 12% Debentures Rs.2,00,000; Share capital Rs.10,00,000 (equity shares of Rs.10 each fully paid up); Plant & Machinery Rs.8,00,000; Goodwill Rs.2,00,000; Investment in shares of Raja Ltd Rs. 2,00,000; General reserve Rs.1,95,000; Stock in trade Rs.1,00,000; Bills receivable Rs.50,000; Debtors Rs.1,50,000; Creditors Rs.1,00,000; Bank loan(Unsecured) Rs. 1,00,000; Provision for tax Rs. 50,000; Proposed dividend Rs.55,000.

Prepare the Balance sheet of the company as per Revised Schedule VI, Part 1 of the Companies Act 1956.

15. Superpower limited made an issue of 60,000 shares which were underwritten as follows:

'X' – 30,000 shares; 'Y' – 18,000 shares and 'Z' – 12,000 shares

In addition there was Firm underwriting as follows:

'X' – 3,000 shares; 'Y' – 1,500 shares and 'Z' – 4,500 shares.

The total subscriptions including Firm underwriting were for 45,600 shares. The following marked forms were included in the subscriptions.

'X' – 9,000 shares; 'Y' – 13,500 shares and 'Z' – 5,100 shares. Show the allocation of liabilities of each underwriter

- a. If the benefit of 'firm' underwriting applications is given to individual underwriters by treating them like 'Marked forms'.
- b. If the benefit of 'firm' underwriting applications is not given to individual underwriters by treating them like 'UnMarked forms'.

16. From the following particulars, ascertain profit prior to and after incorporation.

- a. Time Ratio – 3:5
- b. Sales Ratio – 4:6
- c. Gross Profit – Rs. 10,00,000
- d. Expenses debited to Profit and Loss A/c were:

	Rs.
Salaries	96,000
General expenses	12,000
Discount on sales	40,000
Advertisement	50,000
Preliminary expenses	70,000
Rent and Rates	15,000
Printing and Stationary	65,000

- e. Incomes credited to Profit and Loss account were:

	Rs.
Rent received	18,000
Interest received	50,000

17. Compute cash from operating activities from the following figures. Profits for the year 2016 is a sum of Rs.12,460 after providing for depreciation of Rs. 2,492.

Particulars	31 st December 2015	31 st December 2016
Sundry debtors	12,460	13,706
Provision for doubtful debts	1,246	1,495
Bills receivable	4,984	3,738
Bills Payable	6,230	7,476
Sundry creditors	9,968	11,214
Inventories	6,230	9,968
Trade investments	12,460	14,952

PART – C

Answer any **TWO** questions:

(2 X 20 = 40 marks)

18. Differentiate between Debentures and Shares.

19. A Ltd., was registered with authorised capital of Rs.6,00,000 in equity shares of Rs.10 each. The following is its trail balance on 31st march 2016.

Trial Balances of 'A'.Ltd.

Particulars	Debit	Particulars	Credit
Goodwill	25,000	Share capital	4,00,000
Cash	750	12% debentures	3,00,000
Bank	39,900	Profit and loss A/c	26,250
Purchases	1,85,000	Sales	4,15,000
Preliminary expenses	5,000	Bills payable	37,000
Calls – in- arrears	7,500	Provision for Bad Debts	3,500
Premises	3,00,000	Sundry creditors	40,000
Plant and machinery	3,30,000	General reserve	25,000
Interim dividend	39,250		
Stock (1-4-2015)	75,000		
Furniture & fixtures	7,200		
Sundry debtors	87,000		
Wages	84,865		
General expenses	6,835		
Freight and carriage	13,115		
Salaries	14,500		
Directors fee	5,725		
Bad debts	2,110		
Debenture interest paid	18,000		
	12,46,750		12,46,750

Prepare Statement of Profit & Loss and Balance sheet in proper form after making the following adjustments.

a. Write off preliminary expenses.

- b. Provide for 6 months interest on debentures.
- c. Leave bad and doubtful debts provision at 5% on sundry debtors.
- d. Provide for income tax at 50%.
- e. Stock on 31-3-2016 was Rs.95,000.
- f. Provide for corporate dividend tax at 17%.
- g. Depreciation on plant and machinery by 15%.

20. 'Rahul' Co. Ltd was incorporated on May 1, 2018 to take over the business of 'Dravid Co.' as a going concern from January 1, 2018. The profit and loss account for the year ending December 31, 2018 was as follows:

Profit and loss Account of 'Rahul' Co. Ltd, for the year ended 31st December 2018

Particulars	Rs.	Particulars	Rs.
To Rent & Taxes	12,000	By Trading Account (Gross Profit)	1,55,000
To Insurance	3,000		
To Electricity charges	2,400		
To Salaries	36,000		
To Directors' fees	3,000		
To Auditors' fees	1,600		
To Commission	6,000		
To Advertisement	4,000		
To Discount	3,500		
To office expenses	7,500		
To Carriage	3,000		
To Bank charges	1,500		
To Preliminary expenses	6,500		
To Bad debts	2,000		
To Interest on Loan	3,000		
To Net profit	60,000		
	1,55,000		1,55,000

Additional Information:

The total turnover for the year ending December 31, 2018 was Rs.5,00,000 divided into Rs. 1,50,000 for the period upto May 1, 2018 and Rs. 3,50,000 for the remaining period. Prepare the Statement of Profit and Loss Account of Rahul Co. Ltd for the year ended 31st December 2018

21. Following are the comparative balance sheet of a company for the year 2016 and 2017 as follows:

Liabilities	2017	2016	Assets	2017	2016
Share capital	1,50,000	1,00,000	Fixed assets	1,50,000	1,00,000
Profit & loss	80,000	50,000	Goodwill	40,000	50,000
General reserve	40,000	30,000	Stock	80,000	30,000
6% debentures	60,000	50,000	Debtors	80,000	50,000
Creditors	40,000	30,000	Bills receivable	20,000	30,000
Outstanding expenses	15,000	10,000	Bank	15,000	10,000
	3,85,000	2,70,000		3,85,000	2,70,000

You are required to prepare a Cash Flow Statement.

