



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

THIRD SEMESTER – APRIL 2022

16/17/18UBC3MC01 – CORPORATE ACCOUNTING

Date: 28-06-2022

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

Part-A

Answer ALL questions

(10x2=20)

1. AXE Co. Ltd., issued Rs. 4,00,000, 10% debentures of Rs. 100 each at a discount of 5% which are repayable after 10 years at a premium of 15%. Pass journal entry for the issue.
2. What is debenture redemption reserve?
3. Mention any two objectives of financial statements.
4. State whether the following transactions comes under Cash Flow from Investment Activities:
 - a. Purchase of Fixed Assets – Rs. 1,50,500
 - b. Sale of Machinery – Rs. 25,000
5. What is Cash Flow from Operating activities?
6. Show the following items in the balance sheet of Sunfill Ltd. as at March 31, 2013 as per (revised) Schedule VI, Part-I of the Companies Act, 1956:

Particulars	Amount (Rs.)
General Reserve (since 31 March 2012)	8,00,000
Statement of profit & loss (debit balance) for 2012-13	(2,00,000)

7. Ganesh Ltd., was incorporated on 1st May 2016 to purchase the running business of Vinayak and 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 finalized on 31st December 2016.
8. What is meant by pre-incorporation profit?
9. What is Underwriting Commission?
10. Define Firm Underwriting.

Part-B

Answer any FOUR questions

(4x10=40)

11. Give the format of statement of profit and loss account as per Revised Schedule VI.

12. On 1st January, 'XYZ' Ltd. has Rs. 1,00,000 10% debentures. In accordance with the power under the deed, the directors have the powers to acquire the debentures in the open market for immediate cancellation.

The following purchases, of own debentures were made by the company.

March 1, Rs. 20,000 debentures at Rs. 98 cum-interest

August 1, Rs. 40,000 debentures at Rs. 99 ex-interest.

Debenture interest is payable half-yearly on 30th June and 31st Dec. every year. Show journal entries for purchase and cancellation of debentures.

13. Kamakshi Ltd., was incorporated on 01.03.1991 acquire the business of Meenakshi as from 01.01.1991. The purchase consideration was agreed at Rs. 90,000 to be satisfied by the issue of equity shares of Rs. 10 each. The following trading and profit and loss account is presented below:

Trading and Profit and Loss account of Kamashi limited for the year ended 31.12.1991

Particulars	Amount	Particulars	Amount
To cost of goods sold	1,16,100	By sales	2,25,000
To gross profit c/d	1,08,900		
	2,25,000		2,25,000
To salaries	45,000	By gross profit	1,08,900
To office expenses	3,750		
To selling expenses	12,300		
To carriage outwards	2,550		
To rent and rates	3,000		
To directors fees	5,025		
To stationary	3,000		
To interest on purchase price	1,350		
To net profit c/d	32,925		
	1,08,900		1,08,900

The following additional information is given:

- Sales made after incorporation amounted to Rs. 2,02,500.
 - The shares were issued to the vendors on 01.04.1991 to settle the purchase price.
 - Interest on purchase price was paid till the date of payment.
- you're required to ascertain the profit you earned by the company, before and after incorporation.

14. The following P&L A/c is presented by B.B. Patil Ltd. For the year ended 31.12.2018.

Profit & Loss A/c

Particulars	Amount	Particulars	Amount
To Salaries & Wages	1,28,000	By Gross Profit b/d	5,08,000
To Directors fees	4,000	By Capital profit on sale of company's land	25,000
To Repairs	27,000	By Subsidy received from State Government	50,000
To Depreciation (including development rebate Rs. 16,000)	1,06,000		
To Scientific Research (New Laboratory Set Up)	20,000		
To General expenses	15,000		
To Income tax	1,00,000		
To Proposed dividend	1,00,000		
To Interest on debentures	24,000		
To Net Profit	59,000		
	5,83,000		5,83,000

Income tax authorities have allowed Rs. 82,000 as depreciation excluding development rebate.

Calculate the remuneration payable to the managing director.

15. Differentiate between pre-incorporation and post-incorporation profit.

16. Classify the cash flow statement and explain briefly.

17. Jaya Ltd. issued 1,00,000 equity shares. The whole of issue was underwritten as:

A: 50%; B: 25%; C: 25%

Applications for 80,000 shares were received in all, out of which applications for 20,000 shares had the stamp of A, those for 10,000 shares that of B and those of 20,000 shares that of C. The remaining applications for 30,000 shares did not bear any stamp.

You are required to determine the liability of the underwriters.

Part-C

Answer any TWO questions

(2x20=40)

18. Explain the following terms:

a. Equity shares b. Buy-back of shares, c. Right issue, d. Bonus issue

19. Excellent Ltd. made an issue of 1,20,000 equity shares of ` 10 each which were underwritten as follows:

Ram: 60,000 shares; Rahim: 36,000 shares; Robert: 24,000 shares

In addition, there was "firm" underwriting as follows: Ram: 5,000 shares; Rahim: 2,500 shares; Robert: 6,000 shares.

The total subscriptions including "firm" underwriting were for 90,500 shares. The following marked applications were included in the

subscriptions:

Ram: 15,000 shares; Rahim: 20,000 shares; Robert: 12,000 shares.

Show the liabilities of each underwriter by treating "firm" underwriting applications as 'marked applications'.

20. From the following statement prepare a cash flow statement.

Liabilities	1987 (Rs.)	1988 (Rs.)	Assets	1987 (Rs.)	1988 (Rs.)
Share Capital	3,00,000	3,50,000	Fixed Assets	5,10,000	6,20,000
8% debentures	1,00,000	2,00,000	Discount on debentures	10,000	5,000
Reserves	80,000	1,00,000	Debtors	40,000	75,000
Creditors	70,000	50,000	Stock	30,000	1,00,000
Bills Payable	50,000	60,000	Bank	10,000	-
Bank overdraft	-	40,000			
	6,00,000	8,00,000		6,00,000	8,00,000

Additional Information:

- Provision for depreciation was on 31-12-87 Rs. 1,50,000 and on 31-12-88 Rs. 1,90,000.
- A machine costing Rs. 70,000 (Depreciation written off Rs. 30,000) was sold for Rs. 25,000.
- Dividend paid was Rs. 30,000.

21. The Mafatlal manufacturing company Ltd. Chennai, was registered with a nominal capital Rs.

12,00,000 in equity shares of Rs. 10 each. The following is the list of balances extracted from its books on 31st March 1998.

Particulars	Amount	Particulars	Amount
Premises	6,00,000	Sales	8,30,000
Stock (1.4.97)	1,50,000	6% debentures	6,00,000
Furniture	14,400	Profit & Loss A/c (Cr.)	29,000
Calls-in-arrears	15,000	Bills payable	76,000
Plant & Machinery	6,00,000	Sundry Creditors	1,00,000
Interim dividend paid	75,000	General Reserve	50,000
Sundry Debtors	1,74,000	Provision for doubtful debts (1.4.97)	7,000
Goodwill	68,000	Subscribed, called up & paid up capital	8,00,000
Cash and bank balances	63,300		

Purchases	3,70,000		
Preliminary expenses	10,000		
Wages	1,69,730		
General Expenses	13,670		
Advertising	20,000		
Freight	26,230		
Salaries	29,000		
Director's fees	11,450		
Bad debts	4,220		
Debenture interest paid	18,000		
	24,92,000		24,92,000

The following adjustments have to be made:

- a. Stock on 31st march 1998 was valued at Rs. 1,90,000
- b. Write off preliminary expenses
- c. Provide for half year's debenture interest.
- d. The provision for doubtful debts on 31st march 1998 should be equal to 1% on sales.
- e. Director's fees are outstanding to the extent of Rs. 550 and salaries Rs. 1,000.
- f. Depreciate plant and machinery by 5%; premises by 2% and write off Rs. 2,400 on furniture.
- g. Goods to the value of Rs. 3,000 were distributed as free samples during the year. But no entry in this respect had been made.

You are required to prepare the statement of Profit & Loss for the year ended 31st march 1998 and the balance sheet as on the same date.
