

Name:

Enrolment No:



UPES

End Semester Examination, May 2023

Course: Corporate Accounting

Semester: II

Program: B.COM-ALL

Time : 03 hrs.

Course Code: FINC1015

Max. Marks: 100

Instructions:

SECTION A

10Qx2M=20Marks

S. No.		Marks	CO
Q1	Right shares are the shares: A. First offered to the share holders B. First offered to the debenture holders C. Issued to the directors of the company D. Issued by a newly formed company	2	CO1
Q2	Profit on re-issue of forfeited shares is transferred to: A. Capital reserve A/c B. Profit and Loss A/c	2	CO1

	C. Share capital A/c D. General reserve A/c		
Q3	Share allotment A/c is: A. Personal A/c B. Real A/c C. Nominal A/c D. None of these	2	CO1
Q4	Under which heading the unpaid dividend is shown in the company's balance sheet? A. Current liabilities B. Non- current liabilities C. Contingent liabilities D. Shareholder's fund	2	CO1
Q5	Goodwill should be classified as: A. Current asset B. Liquid asset C. Floating asset D. Intangible asset	2	CO1
Q6	Give any two differences between Capital reserve and Reserve capital.	2	CO1
Q7	State meaning of calls in advance.	2	CO1
Q8	State the condition under which a company can refund the applications amount in the event of under-subscription.	2	CO1
Q9	Give any two methods of redemption of debentures.	2	CO1
Q10	Niwas, an industrialist (SME category), decided to convert his firm into a limited company from 1 July 2010. He obtained the Certificate of Incorporation on 1 October 2010 and the Certificate of Commencement of Business on 1 December 2010. His accounts were to be closed on 31 March 2011. Compute the time ratio to ascertain pre-incorporation profit ratio.	2	CO1
SECTION B 4Qx5M= 20 Marks			
Q 11	The average net profits expected of a firm in future are Rs. 68,000 per year and capital invested in the business by the firm is Rs. 3,50,000. The rate of return expected from	5	CO2

	capital invested in this class of business is 12%. The remuneration of the partners is estimated to be Rs. 8,000 for the year. You are required to find out the value of goodwill on the basis of two year's purchase of super profits.		
Q 12	What do you mean by company? Explain the different types of companies.	5	CO2
Q 13	XYZ Ltd. Issued 75,00,000, 5% debentures of Rs. 50 each redeemable after 3 years by converting them into equity shares of Rs. 20 each. Pass necessary journal entries for the issue and redemption of debentures.	5	CO2
Q14	What are the uses of capital redemption reserve account? And where it appears in Balance sheet?	5	CO2

SECTION-C

3Qx10M=30 Marks

Q 15	Give a specimen of company's balance sheet according to the companies act, 2013.	10	CO3																																
Q 16	<p>Ganesh Ltd. was registered on 01-07-2022 to acquire the running business of Suneel & Co., with effect from 1-1-2022. The following was the Profit and Loss account of the company on 31-12-2022.</p> <table border="1" data-bbox="185 1031 1130 1535"> <thead> <tr> <th>Particulars</th> <th>Amount</th> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>To Office Expenses</td> <td>54,000</td> <td>By Gross Profit b/d</td> <td>2,25,000</td> </tr> <tr> <td>To Formation expenses (Written off)</td> <td>10,000</td> <td></td> <td></td> </tr> <tr> <td>To Stationery & Postage</td> <td>5,000</td> <td></td> <td></td> </tr> <tr> <td>To Selling Expenses</td> <td>60,000</td> <td></td> <td></td> </tr> <tr> <td>To Directors Fees</td> <td>20,000</td> <td></td> <td></td> </tr> <tr> <td>To Net Profit</td> <td>76,000</td> <td></td> <td></td> </tr> <tr> <td></td> <td>2,25,000</td> <td></td> <td>2,25,000</td> </tr> </tbody> </table> <p>You are required to prepare a statement showing the profit earned by the company in the pre and post incorporation periods. The total sales for the year took place in the ratio 1:2 before and after incorporation respectively.</p> <p align="center">OR</p>	Particulars	Amount	Particulars	Amount	To Office Expenses	54,000	By Gross Profit b/d	2,25,000	To Formation expenses (Written off)	10,000			To Stationery & Postage	5,000			To Selling Expenses	60,000			To Directors Fees	20,000			To Net Profit	76,000				2,25,000		2,25,000	10	CO3
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X Ltd. purchased a running business of Mr. Y on 1st April, 2017. The surplus by Mr. Y for the last four years were as under:

Additional Information: -

- (a) Including in the surplus of year 2016-17, a non-recurring item of profit of Rs.25,000.
- (b) Surplus for the year ending 31st March, 2015 is affected by loss by fire of Rs.20,000.
- (c) The closing stock of the year ending 31st March, 2016 was over valued by Rs.10,000
- (d) Acquisition of this business will require replacement of existing manager who was getting a salary of Rs.10,000 p.m. the new manager is to be employed at a monthly salary of Rs.12,000.
- (e) Additional insurance premium is required to be made at Rs. 500 p.m.

You are calculating the value of goodwill on the basis of 2 year's purchase of average surplus.

Q17	<p>ABC Company Ltd. issued for public subscription 50,000 equity shares of Rs.20 each at a premium of Rs.4 per share. Payable as under:</p> <table border="1" data-bbox="228 1289 1088 1404"> <tr> <td>On Application</td> <td>Rs.4 per share</td> </tr> <tr> <td>On Allotment</td> <td>Rs.10 per share (including premium)</td> </tr> <tr> <td>On First and Final call</td> <td>Rs. 10 per share</td> </tr> </table> <p>Applications were received for Rs.75,000 equity shares. The shares were allotted pro-rata to applicants of 60,000 shares, the remaining applications being rejected. Money overpaid on application was utilized towards the sum due on allotment.</p> <p>'X' to whom 2,000 shares were allotted failed to pay the allotment money and the call money, Z who was allotted 2,500 shares failed to pay the call money.</p> <p>These shares were subsequently forfeited after the first and final call was made. The shares forfeited from 'Z' were allotted to 'D' at Rs.18 per share fully paid up. Of the shares forfeited from 'X' 1,500 shares were reissued to 'P' at Rs.22 per share.</p>	On Application	Rs.4 per share	On Allotment	Rs.10 per share (including premium)	On First and Final call	Rs. 10 per share	10	CO3
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On Allotment	Rs.10 per share (including premium)								
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Pass necessary journal entries to record the above transactions in the books of the company.

OR

The 'A' Ltd. And 'B' Ltd., whose business are of similar nature, decided to amalgamate and a new company called the 'C' Ltd., is formed to take over their respective assets and liabilities. The following items are taken from notes to the accounts to their respective balance sheet.:

Balance Sheet

(As at 31st march, 2023)

Particulars	'A' Ltd.	'B' Ltd.
I. EQUITY AND LIABILITIES		
Share capital:		
7,500 shares of Rs. 10 each	75,000	--
4,550 shares of Rs. 10 each	--	45,500
General reserve	4,200	--
Profit and loss statement	800	4,500
Sundry creditors	3,300	2,000
	83,300	52,000
II. ASSETS		
Freehold premises	10,000	--
Plant and machinery	18,300	13,450
Goodwill	30,000	20,000
Stock	16,000	11,550
Sundry debtors	7,500	6,000
Cash at Bank	1,500	1,000
	83,300	52,000

If assets realise their book values, what amount each company will get? Pass the necessary journal entries in the books of 'A' Ltd. And 'C' Ltd.

SECTION-D

2Qx15M= 30 Marks

Q18	<p>XY Ltd. Offered 15,000 Equity shares of Rs. Each at Rs. 12 per share payable Rs 3 on application (including premium); Rs. 3 on allotment and the balance in two equal instalments. Applications were received for 18,000 shares. Excess application money was retained for adjustment against allotment money due on the shares allotted. All the calls were made and the amount due thereon was duly received except for the first and final call money on 1,000 shares. The board of directors forfeited those shares and subsequently reissued 800 shares as fully paid up for Rs. 7 per share. Show necessary journal entries to record the above transactions.</p> <p style="text-align: center;">OR</p> <p>Pass necessary journal entries in the books Company with the redemption of Preference Shares:</p> <p>(a) A company redeems its 1,000 9% Preference Shares of Rs.100 each at a premium of 10%. For this, it issues 10,000 equity shares of Rs.10 each at a premium of 20%. The new issue is fully subscribed and paid for.</p> <p>(b) A Co. utilize it Reserve Fund having sufficient balance in its credit for redeeming its 12,000 11% Redeemable Preference Shares of Rs.100 per share at a premium of 10%.</p> <p>(c) A company redeems its 1,000 Preference Shares of Rs.100 each at a premium of 10%. For this, it issues 4,000 equity shares of Rs.10 each at a premium of 5%, and for the rest, it utilize the Profit and Loss account which had a credit balance of Rs.2,00,000.</p>	15	CO4
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Q19

Following particulars are taken from notes to account to the balance sheet of 'A' Limited as at 31 march 2022:

Particulars	Amount
I. Equity and liabilities	
1. Shareholders' funds:	
(a) Share capital	
50000 equity shares of 10 each	500000
1000, 9% redeemable preference shares of 10 each	100000
Less: calls in arrears (20 per share)	(2000)
	<u>98000</u>
	<u>598000</u>
(b) Reserves and surplus :	
Securities premium reserve	1200
Profit and loss statement	150000
	151200
2. Current liabilities:	
Trade payables	<u>50800</u>
	<u>800000</u>
Total	
II. Assets	
1. Non-current assets :	
(a) Fixed assets- tangible	200000
(b) Non- current investment	100000
2. Current assets:	
Inventories	150000
Trade receivables	50000
Cash and cash equivalents	<u>300000</u>
	<u>800000</u>
Total	

15

CO4

On the above data, preference shares are redeemed at a premium of 5%. For this purpose, 7,000 new equity shares of 10 each are issued at 10% premium. Journalise and give the revised Balance sheet.

OR

The Financial Statement of Amrita Ltd. as at 31st March, 2017 was as follows:

	Particulars	Amount
I.	Equity and Liabilities:	Rs.
	1. Shareholder's Fund:	
	(a) Share Capital: 5,000 Equity Shares @ Rs.100 each	5,00,000
	(b) Reserve and Surplus:	
	Surplus (Profit)	1,03,000
	Dividend Equalization Fund	75,000
	2. Current Liabilities:	
	Bank Overdraft	20,000
	Sundry Creditors	77,000
	Provision for Tax	45,000
	Total	8,20,000
II.	Assets:	
	1. Non-current Assets:	
	Land and Buildings	2,20,000
	Plant and Machinery	95,000
	2. Current Assets:	
	Stock-in-Trade	3,30,000
	Sundry Debtors	1,75,000
	Total	8,20,000

Additional Information:

- (a) On 31st March, 2017 Land & Buildings were valued at Rs. 2,50,000 and Plant & Machinery at Rs.1,50,000.
- (b) The surplus (profit) of the company, after deducting provision for depreciation and tax were as follows: Rs.85,000, Rs.90,000, Rs.94,000, Rs.97,000 and Rs.1,00,000.
- (c) Normal rate of return on average capital employed is 10%.
- (d) For the purpose of valuation of shares, after taking into revaluation of fixed assets and your own valuation of goodwill shall be taken at five years purchase of the super profits. Find out each value of shares.