

BCOM 2003

U.G. DEGREE EXAMINATION, JANUARY 2021.

Second Year – Non Semester

CORPORATE ACCOUNTING

Time : Three hours

Maximum : 100 marks

PART A — (5 × 8 = 40 marks)

Answer any FIVE questions.

1. What are the significance of corporate accounting?
Explain.
2. The directors of 'Z' co limited forfeited 10 shares of ₹ 50 each belonging to Rajini who had paid ₹ 5 per share on application, ₹ 10 on allotment, ₹ 15 on first call but failed to pay the final call ₹ 20. The same shares were forfeited then reissued to 'Raj' as fully paid on receipt of ₹ 400. Pass journal entries to record forfeiture and reissue of shares.
3. Calculate the amount of goodwill on the basis of three years purchase of the last five years average profits. The profits for the last five years are:

	₹
I Year	4,800
II Year	7,200
III Year	10,000
IV Year	3,000
V Year	5,000

4. Draw a specimen form of Deficiency Accounts.
5. Ganesh Ltd., was registered on 1.7.2007 to acquire the running business of Suneel and co., with effect from 1.1.2007. The following was the profit and loss account of the company on 31.12.2007.

Particuoars	₹	Particulars	₹
To Office expenses	54,000	By Gross Profit B/d	2,25,000
To Formation expenses (written off)	10,000		
To Stationery and Postage	5,000		
To Selling Expenses	60,000		
To Directors' fees	20,000		
To Net Profit	76,000		
	2,25,000		2,25,000

You are required to prepare a statement showing profit earned by the company in the pre and post incorporation periods. The total sales for the year took place in the ratio of 1:2 before and after incorporation respectively.

6. P Ltd. acquired 65% shares of Q Ltd, on 1.10.2002. P & L a/c. in the book of Q Ltd. showed a debit balance of ₹ 40,000 on 1.4.2002. On 31.3.2003, the balance sheet of Q Ltd. showed P & L a/c. balance of ₹ 1,20,000. Calculate capital profit and revenue profits.
7. The Trial Balance of the Barani Bank Ltd., as on 30th June 1984 shows the following balances.

	₹
Interest and discount	45,40,600
Rebate on bills discounted (1.7.83)	4,750
Bills discounted and purchased	3,37,400

The unexpired discount as on 30.6.84 is estimated to be ₹ 5,560. Draft necessary adjusting entries and calculate the amount of interest and discount to be credited to Profit and Loss Account.

8. Calculate the net claim to be deducted to Revenue a/c of an Insurance Company.
- | | |
|--|------------|
| Claims paid for the year ended 31.3.2006 | ₹ 5,75,000 |
| Claims outstanding on 1.4.2005 | ₹ 55,000 |
| Claims outstanding on 31.3.2006 | ₹ 98,000 |
| Claims covered under reinsurance | ₹ 28,000 |

PART B — (4 × 15 = 60 marks)

Answer any FOUR questions.

9. Give specimen form of statement of profit and loss and balance Sheet.
10. Ambassadors Ltd., issued 2,000 shares of ₹100 each at a premium of 10% payable as follows:
₹25 on application, ₹35 allotment (including premium), ₹20 on first call, ₹30 on final call. 1,800 shares were applied for and allotted. All the money was received with the exception of first and final calls on 200 shares held by Raghu. These shares were forfeited. Give journal entries.
11. Average capital employed in Kausik Ltd. is ₹35,00,000 whereas net trading profits before tax for the last three years have been ₹14,75,000; ₹14,55,000 and ₹15,25,000. In these three years, the managing director was paid a salary of ₹10,000 p.m. But now he would be paid a salary of ₹12,000 p.m. Normal rate of return expected in the industry in which Kausik Ltd. is engaged is 18% Rate of tax is 50%. Calculate goodwill on the basis of three years purchase of the super profits.

12. Draw a specimen form of Statement of Affairs.
13. Following is the Balance Sheet of K Ltd. as on 31.12.1980.

Liabilities	₹	Assets	₹
2,000 shares of ₹ 10 each fully paid	20,000	Goodwill	4,000
Profit & Loss A/c.	7,000	Fixed Assets	16,500
Debentures	10,000	Current Assets	19,500
Creditors	3,000		
	40,000		40,000

R Limited agreed to take over the assets of K Ltd. (exclusive of one fixed asset of ₹ 4,000 and cash ₹ 1,000 included in current assets) at 10% more than the book values. It agreed to take over creditors also. The purchase price was to be discharged by the issue of 2,000 shares of ₹ 10 each at the market value of ₹ 15 each and the balance in cash. Liquidation expenses came to ₹ 400.

K Ltd. sold in fixed asset of ₹ 4,000 and realised the book value. It paid off its debentures and liquidation expenses.

You are required to give journal entries in the books of K Ltd. and R Ltd.

14. From the following information relating to Lakshmi Bank Ltd., prepare the Profit & Loss A/c. for the year ended 31st December, 2007.

	₹		₹
Rent received	72,000	Salaries and allowances	2,18,800
Exchange and Commission	32,800	Postage	5,600
Interest on fixed deposits	11,00,000	Sundry charges	4,000
Interest on Savings Bank A/cs.	2,72,000	Director's & Auditor's fees	16,800
Interest on overdrafts	2,16,000	Printing	8,000
Discount on bills discounted	7,80,000	Law charges	3,600
Interest on current accounts	1,68,000	Locker rent	1,400
Interest on cash credits	8,92,000	Transfer fees	2,800
Depreciation on bank property	20,000	Interest on loans	10,36,000
