**SAINTGITS COLLEGE OF APPLIED SCIENCES**

PATHAMUTTOM, KOTTAYAM

II Internal Examination [October 2018]

**B.Com Third Semester**

**CORPORATE ACCOUNTING**

Total Marks: 80 Time: 3 hours

**Part A**

**Answer any 10 questions. Each question carries 1 mark each.**

1. What are Notes to Account?

2. What is interim dividend?

3. What is CRR?

4. What do you meant by Investment ledger?

5. What is Average Clause?

6. Define Indemnity period.

7. What is Minimum Subscription?

8. What is profit prior to incorporation?

9. What is a Right Share?

10. What is Sweat Equity?

11. What is ESOP?

12. What do you meant by “Cum interest” purchase of securities?

**Part B**

**Answer any 6 questions. Each question carries 5 marks each.**

13. What are the conditions for the redemption of preference shares as per Companies Act,2013?

14. Distinguish between Capital Reserve and Reserve Capital.

15. What is “Book Building”? What are its advantages?

16. What do you mean by Buy back of shares?

17. How will you ascertain the claim for loss of profit as a result of fire?

18.Standard Manufacturing Company invited applications for 100000 shares of Rs.10 each payable as follows:

On Application: Rs.2

On Allotment Rs.3

On First Call Rs.2

On Final Call Rs.3

All the shares were applied for and moneys were duly received except the first and final call on 2000 shares. These shares were forfeited by directors and re-issued at Rs.8 per share. Give Journal Entries.

19. The Directors of Mudra Ltd decided to redeem 12000 7% preference shares of Rs.100 each at a premium of 10% .The Company decided to issue new equity shares to the minimum extent after utilising the following reserves and profits:

General Reserve Rs.320, 000

Profit&Loss Account Rs.80, 000

Securities premium Rs.80000

Show Journal Entries of the redemption of preference shares.

20. Moon light ltd has 80000 Equity shares of Rs.10 each fully paid and 40000 shares of Rs.10 each, Rs.8 per share paid. It has Rs.40000 in Capital Reserve, 40000 in Securities Premium Reserve, Rs.140000 in Capital Redemption Reserve and Rs.300000 in General Reserve.

By way of Bonus the partly paid up shares are converted into fully paid-up shares and the holders of fully paid up shares are allotted fully paid bonus shares in the same ratio.

Pass Journal Entries showing the two types of Bonus issue with minimum reduction in free reserve.

21. A Ltd. Issued for public subscription 50,000 equity shares of Rs. 50 each at a premium of Rs. 10 each. The entire issue was underwritten as

A- 30,000 shares (5,000 shares-firm underwriting)

B- 15,000 shares (2,000 shares-firm underwriting)

C- 5,000 shares (1,000 shares-firm underwriting)

Out of the total issue 45,000 shares including firm underwriting were subscribed. The marked applications were A- 16,000 shares; B- 10,000 shares; C- 4,000 shares.

Calculate liability of each underwriter and also show the calculation of commission.

**Part C**

**Answer any 2 questions. Each question carries 15 marks each.**

22**.** C Ltd has a loss of profit policy of Rs.21,00,000.The period of indemnity is 3 months. A fire occurred on 31.03.2018.The following information is available.

Sales:

For the year ending 31.12.2017 70,00,000

For the period from 01.04.2017 to 31.12.2017 80,00,000

For the period from 01.04.2017 to 30.06.2017 18,00,000

For the period from 01.04.2017 to 30.06.2018 1,20,000

Standing charges for 2017 16,00,000

Net profit for 2017 5,00,000

Savings in standing charges because of fire 50,000

Additional expenses to reduce loss of turnover 1,00,000

Assuming no adjustment has to be made for the upward trend in turnover, compute the claim to be made on the insurance company.

23.The following balances appear in the books of ABC Ltd after the preparation of Profit and Loss a/c for the account for year ending 31st March 2015.

Paid up Share Capital (50000 shares of Rs.10 each) 500000

General Reserve 100000

Surplus A/c (01.04.2014) 52000

Profit for the current year 128000

Bank loan 164000

Sundry Creditors 176000

Unclaimed Dividend 2000

Bills Payable 32000

Plant and Machinery 58000

Land and Building 182000

Stock 580000

Debtors 284000

Cash at bank 22000

Prepaid Expenses 28000

Additional Information:

1. Transfer to General Reserve Rs.60000
2. Proposed Dividend Rs.50000
3. Provide CDT @ 20%

Prepare Balance sheet with Notes to Accounts in accordance with Schedule III of the Companies Act.

24.Jaswanth Ltd hold 400 12% debenture of Rs.100 each in Asha Ltd as on 1st April,2015 at a cost Rs 50,000.Interest is payable on 30th June and 31st December each year. On 1st June,2015,200 debentures are purchased cum interest at Rs.21400.On 1st November 2015,300 debenture are sold ex-interest Rs 28650.On 30th November,2015,200 debentures are purchased ex-interest for Rs.19200.On 31st December,2015,300 debentures are sold cum-interest for Rs.32250.

Prepare Investment account valuing closing stock on 31st March, 2016 (applying FIFO method) .The debentures were quoted at par on 31st March, 2016.

25.Explain the conditions for the redemption of preference shares and give journal entries for the same.



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