

**C. ABDUL HAKEEM COLLEGE (AUTONOMOUS),
MELVISHARAM - 632 509.
SEMESTER EXAMINATIONS, NOVEMBER - 2018**

**B.Com., CORPORATE SECRETARSHIP SEMESTER III
U15MKS302 / U14MKS302 – CORPORATE ACCOUNTING - I**

Time: Three Hours

Maximum: 75 Marks

SECTION - A (10 X 2 = 20 Marks)

Answer **ALL** Questions.

1. Define shares.
2. Write a short note on forfeiture of shares.
3. What do you mean by redeemable preference shares?
4. Define the term fresh issue of shares.
5. What is a 'sinking fund'?
6. State the meaning of convertible debenture.
7. Write a short note on profit prior to incorporation.
8. List out the purpose of profit prior to incorporation.
9. Write about the managerial remuneration.
10. Giving the meaning of dividend.

SECTION - B (5 X 5 = 25 Marks)

Answer **ALL** Questions.

11. a) Batliboi Co. Ltd., issued 50,000 equity shares of Rs. 10 each to the public on condition that full amount of shares will be paid in a lump sum. All these shares were taken up and paid by the public. Pass journal entries in the books of company when.

- (a) Shares are issued at par (b) Shares are issued at a premium of 10% and
(c) Shares are issued at a discount of 10%.

(Or)

b) Y Ltd. forfeited 1,000 equity shares of Rs. 10 each, issued at a discount of 10% for non-payment of the first call of Rs. 2 and the final call of Rs. 3 per share. Show the necessary journal entry.

12. a) Redemption of 10,000 preference shares of Rs. 100 each was carried out of reserves and out of the issue of 4,000 shares of Rs. 100 each @ Rs. 95. What is the amount of capital redemption reserve account that is required?

(Or)

b) From the following data, calculate the amount of fresh issue of shares:

Redeemable Preference Shares	:	Rs. 80,000
Premium on redemption	:	5%
Divisible Profits available	:	Rs. 15,000
General reserve balance	:	Rs. 6,500
Securities premium a/c	:	Rs. 4,000

Fresh issue is to be made at a discount of 10%.

13. a) X Ltd issued 5,000 8% Debentures of Rs. 100 each at par on 1-4-2000 which are repayable at 10% premium at the end of 4 years. Give Journal entries for the issue of redemption if:

a) The redemption is out of Profits b) The redemption is out of Capital.

(Or)

b) Jones co. Ltd. issued 2,000 8% debentures of Rs. 100 each at a discount of 6%. The debentures are repayable by annual drawings at the end of each year, from the first year onwards at the rate of Rs. 40,000 per year. You are required to ascertain the discount amount to be written off each year under (a) fluctuating installment method (b) fixed installment method.

14. a) A company was incorporated on 1st July 1996 to acquire a running business from 1st April 1996. When accounts were finalized on 31st march 1997, the following facts were noted.

a) Sales for the year were Rs. 4,80,000

b) The trends of sales were as under during the specified months.

April, July, September, December – Average sales. May, August, October and February 5% of the average sales.

You are required to find out the sales ratio for the purpose of ascertaining profits prior to incorporation.

(Or)

b) From the following data, calculate profit prior to incorporation:

Time ratio : 1:2

Sales ratio : 1:3

Gross Profit : Rs. 1,70,500

Administrative expenses : Rs. 69,600

Expenses relating to sales : Rs. 18,600

Preliminary expenses : Rs. 11,560.

15. a) From the following balances, prepare the Balance Sheet of a Company in the prescribed format. Goodwill Rs. 1,50,000; Investments Rs. 2,00,000; Share capital Rs. 5,00,000; Reserves Rs. 1,10,000; Securities premium Rs. 15,000; Preliminary expenses Rs. 10,000; profit and loss A/c (Cr) Rs. 25,000; Debentures Rs. 2,50,000. Other fixed assets Rs. 4,70,000; Stock Rs. 80,000; Debtors Rs. 60,000; Bank balance Rs.30,000; Unsecured loan Rs. 65,000; Sundry creditors Rs. 35,000.

(Or)

b) Write a note on non-current liabilities.

SECTION - C (3 X10 = 30 Marks)

Answer **ANY THREE** Questions.

16. Ram Ltd. invited applications for 1,40,000 shares of Rs. 10 each payable Rs. 2 on application, Rs. 2 on allotment, and Rs.6 on first and final call. The company received applications for 2,00,000 shares and pro-rata allotment was made. Pass necessary journal entries and prepare bank a/c, assuming all the installments were duly received.

17. On 31st Dec. 1993 the balance sheet of Sundaram Ltd. stood as follows:

Liabilities	Rs.	Assets	Rs.
Equity Shares Capital	5,00,000	Sundry assets	7,60,000
Redeemable Preference		Bank	1,90,000
Share Capital	2,00,000		
General Reserve	1,50,000		
Sundry Creditors	1,00,000		
	9,50,000		9,50,000

On the above date, the preference shares had to be redeemed. For this purpose, 1,000 equity shares of Rs. 100 each were issued at Rs. 110.

The shares were immediately subscribed and paid for. The preference shares were duly redeemed.

Give journal entries and balance sheet after redemption

18. Timex Ltd., issued 1,000 8% debentures of Rs. 100 each. Give appropriate journal entries in the books of the company, if the debenture were issued as follows.

- 1) Issued at par, redeemable at par,
- 2) Issued at a discount of 5%, repayable at par.
- 3) Issued at a premium of 10% repayable at par.
- 4) Issued at par, redeemable at a premium of 10%.
- 5) Issued at a discount of 5%, repayable at a premium of 10%.

You are also required to show how the items concerned appear in the Balance sheet in each of the above cases.

19. Pankajam Mills Ltd., was incorporated on 31st July 1977 to purchase the business of Hemalatha & Co., as on 1st April 1977. The books of accounts disclosed the following on 31st March 1978.

- (1) Sales for the year Rs. 32,10,400 (1st April to 31st July '77 Rs. 8,02,600; 1st July '77 to 31st March 1978 Rs. 24,07,800).
- (2) Gross profit for the year Rs.4,12,800; Managing Directors' salary Rs.12,000; Preliminary expenses written off Rs. 18,000. Company Secretary's salary Rs. 58,000.
- (3) Bad debts written off Rs. 14,890 (prior to 31st July Rs. 4,020, after 31st July Rs. 10,870)

(4) Depreciation on machinery Rs. 25,200; general expenses Rs. 51,000; advertising Rs. 7,400; Interest on debentures Rs. 20,000.

You are required to prepare a statement apportioning properly the net profit of the company as between

- (a) Profits available for distribution;
- (b) Profits prior to incorporation.

20. Give the format of balance sheet as per revised schedule VI.
