

B. Com. DEGREE (C.B.C.S) EXAMINATION, NOVEMBER 2022

(2021 Admissions Regular, 2020 Admissions Supplementary/Improvement, 2019 & 2018 Admissions Supplementary)

SEMESTER III - CORE COURSE (COMMERCE)**CO3B07B18 - CORPORATE ACCOUNTS I****(For B.com Finance & Taxation and Capital Market)****Time : 3 Hours****Maximum Marks : 80****Part A****I. Answer any Ten questions. Each question carries 2 marks****(10x2=20)**

1. Recall the meaning of free reserves.
2. Give the difference between reserve capital and capital reserve.
3. Describe private placement of shares.
4. Enumerate capitalization of profit.
5. ABC Ltd invited application for 100,000 shares of 10 each, payable as follows:

On Application	2 per share
On Allotment	3 per share
On First call	2 per share
On Final call	3 per share

All the shares were applied. You are required to pass Journal Entries in the books of the company assuming that all sums due on allotment and calls have been received.

6. Distinguish between syndicate underwriting and joint underwriting.
7. Explain Underwriting Commission.
8. Define intangible assets.
9. Briefly write about the accounting treatment of brokerage in investment accounts.
10. Briefly explain about Average Clause. When it is applied?
11. Explain about the meaning of salvaged stock.
12. What is indemnity period?

Part B**II. Answer any Six questions. Each question carries 5 marks****(6x5=30)**

13. Briefly elucidate the conditions of buy back as per CA 2013
14. Ram Ltd resolved by a special resolution to buy back 1,00,000 of its equity shares of 10 each, on which 8 has been called up and paid up. The General Reserve of the company stood at 15,00,000 and no fresh issue of shares was made. Journalise the transactions.
15. Write down the advantages of Underwriting.
16. Reliance Ltd issued 40,000 shares of Rs.10 each at par, which were underwritten as follows:
 - A - 24,000 shares
 - B- 10,000 shares
 - C - 6,000 shares

The underwriters also made the application for firm underwriting as follows

A - 3,200 shares

B- 4,000 shares

C - 1,200 shares

Applications were received for 20,000 shares which included marked applications but excluding firm underwriting.

The marked applications were as follows:

A - 4,000 shares

B- 5,000 shares

C - 2,000 shares

You are required to prepare a statement showing the liability of the underwriters.

17. How will you disclose the following items while preparing the Balance Sheet of a Company as per Schedule III to the Companies Act, 2013 : a) Outstanding expenses b) Preliminary expenses written off c) Bank Overdraft d) Transfer to general reserve
18. From the following data, Prepare relevant Notes to Accounts:

Particulars	Rs in 000's
Salaries	125
Wages	75
Contribution to PF	100
Contribution to gratuity	36
Staff Welfare expenses	75
Expenses on ESPP	14
Outstanding Wages	25
Interest Expenses	25
Brokerage	5
Interest on debentures	6

19. On 31.3.2016 Capital Finance Ltd purchased 2,000 , 6% Govt stock of the face value of Rs.100 each @95 cum-interest. Half yearly interest is payable on 30th June and 31st December every year. Show the investment ledger of Capital Finance Ltd for its financial year ended on 31.12.2016.
20. Explain the accounting treatment of loss of profit policy.
21. The godown of P Ltd.caught fire on 15 th Sept. 2011 ,records saved form fire showed the following particulars.

Stock at cost on 1st April,2010	60,000
Stock at cost on 31st March,2011	84,000
Purchases less return for the year 2010-11	5,08,000
Wages for the year 2010-11	20,000
Sales less returns for the year 2010-11	7,20,000
Purchases less returns from April to Sept 15,2011	1,80,000
Sales less return form April 1 to Sept.15,2011	2,46,000
Wages form April 1 to Sept15,2011	16,200

Gross profit remained at a uniform rate. The stocks salvaged was worth Rs.7,200 and they were retained by P Ltd. The godown was insured. Show the amount of claim.

Part C

III. Answer any Two questions. Each question carries 15 marks

(2x15=30)

22. Explain in detail the legal requirements for the redemption of preference shares as laid down in section 55 of the Companies Act 2013. And also give the journal entries for redemption of preference shares.
23. Thomson Ltd had a nominal capital of Rs. 6, 00,000 divided into equity shares of Rs 10 each. The trial balance of the company as at 31-03-2017 was as follows.

PARTICULARS	Debit(Rs)	Credit(Rs)
Calls in arrears	7500	
Premises	3,00,000	
Plant and machinery	3,60,000	
Interim dividend paid	7,500	
Purchases	1,85,000	
Preliminary expenses	5,000	
Freight	13,100	
Director's fees	5,740	
Bad debts	2,110	
6% debentures		3,00,000
Surplus A/c(01/04/2016)		14,500
Sundry debtors	87000	
Sundry creditors		50000
General reserve		25000
4% government securities	60000	
Opening stock	75000	
Fixtures	7200	
Goodwill	25000	
Cash in hand	750	
Bank	39900	
Wages	84800	
General expenses	16900	
Salaries	14500	
Debenture interest	9000	
Share capital		4,60,000
Bills payable		38,000
Sales		415000
Provision for bad debts		3500

Prepare final accounts of the company for the year ending 31-03-2017 after taking into account the following:

- Depreciate plant and machinery at 10% and fixtures at 5%.
- Write off 1/5th of preliminary expenses
- Included in wages an amount of Rs.10000 spent for erection of a crashed for employees and customers. No adjustment has been made for it.
- Leave bad debt provision at 5% on sundry debtors.
- Provide final dividend at 5%.
- Transfer Rs 10000 to general reserve.
- Make provision for income tax to the extent of Rs 25000.
- Stock on 31-03-2017 was Rs 1, 01,000.

24. Anik Investments held 600, 6% Debentures of Rs.100 each in Tata Ltd on 1.4.2011 at cost of 72,000. Interest is payable on 30th June and 31st December every year. On 1st June, 2011, 250 Debentures were purchased cum - interest at Rs. 37,750. On 1st November 2011, 400 Debentures were sold ex- interest at Rs.46, 250. On 30th November 2011, 250 Debentures are purchased ex-interest for Rs. 23,250. On 31st December 2011, 350 Debentures are sold cum interest at Rs.42, 000.

Prepare Investment account from the above for the year ending 31st March 2012 valuing closing stock at cost (using **FIFO** Method) or market price whichever is less. Debentures are quoted at Rs.140 on 31st March 2012.

25. Fire occurred in the premises of Monikattil Agencies on 01.04.2017 and a considerable part of the stock was destroyed. The stock salvaged was Rs. 56,000. A fire insurance policy for Rs.3,42,000 was taken to cover the loss of stock by fire. You are required to calculate the amount of claim.

Purchases during 2016	18,76,000
Sales during 2016	23,20,000
Purchases from 01.01.2017 to 01.04.2017	3,64,000
Sales for the above period	4,80,000
Stock (01.01.2016)	2,88,000
Stock (31.12.2016)	4,84,000
Wages paid during 2016	2,00,000
Wages paid from 01.01.2017 to 01.04.2017	36,000

Fire also broke out on 21.12.2016 and destroyed stock of the estimated cost of Rs.1,00,000. There was a practice in the concern to value stock at cost less 10% ,but all of sudden this practice was changed and stock on 31.12.2016 was valued at cost plus 10%.