

ST.ALOYSIUS COLLEGE EDATHUA

B.Com Degree (CBCSS) Internal Examination

III Semester

CORPORATE ACCOUNTS -1

Time: 3 Hrs

Maximum Marks: 80

Section A

Answer *any 10* questions. Each question carries 2 marks.

1. What do you mean by 'cum-interest and ex-interest'?
2. What do you mean by investment ledger?
3. What is firm underwriting?
4. What is capital reserve?
5. What is Average clause?
6. What is redeemable preference share?
7. What are free reserves?
8. What is Bonus share?
9. What is profit and loss appropriation a/c?
10. What do you mean by notes to accounts?
11. What is meant by loss of profit policy?
12. What are financial statements u/s 2(40)?

(10 X 2 = 20)

Section B

Answer any 6 questions. Each question carries 5 marks.

13. What are the objectives of investment ledger?
14. What is profit prior to incorporation?
15. Distinguish between Sweat equity and ESOP.
16. Distinguish between Redemption of Pref. Shares and Buy-back of shares.
17. Explain the accounting treatment of bonus issue and right issue in investment account.
18. AB Ltd has 100000 9% redeemable preference shares of Rs. 10 each fully paid. The company decides to redeem the shares at a premium of Rs. 2 per share. The company has a credit balance of Rs. 3,00,000 in its profit and loss account and Rs. 15,00,000 in general reserve. The redemption is duly carried out. Give journal entries in the books of the company.
19. On 18th November, 2016 a fire occurred in the premises of a trader M/s Tripati. Most of the stock was destroyed except some goods costing of Rs.8500 which was saved in good condition. In addition, some stock was salvaged in damaged condition and its value was estimated at Rs. 3500. From the books of accounts, the following particulars were available:
 - i. Stock on 1st April, 2016 Rs. 47,000
 - ii. Purchase from 1.4.16 to 18.11.16 Rs. 1,66,000
 - iii. Sales upto 18.11.16 Rs.2,20,000
 - iv. Carriage on purchase and wages Rs.12,000
 - v. On the basis of past few years it appears that gross profit rate is 33.33 % on cost.
 - vi. Stock was insured for Rs.45,000.Compute the amount of claim.

20. Three underwriters X, Y, and Z underwrite the public issue of 12,000 shares of Rs. 10 each issued at par in the ratio 2:1:1, Applications were received for 11,000 shares including the following marked applications:
 X = 4,500, Y = 2,800, Z = 1,700. Determine the liability of underwriters.
21. From the following, calculate weighted time ratio for pre and post incorporation periods and share the insurance paid.
 Accounting period – 1st January to 31st December 2017
 Date of getting certificate of Incorporation – 1st April 2017
 Total insurance paid for the year – Rs. 7000
 Amount of stock held- Pre incorporation period- Rs. 6,00,000
 Post incorporation period- Rs. 12,00,000

(6X 5 = 30)

Section C

Answer any *two* questions. Each question carries 15 marks

22. Jaswanth Ltd hold 400, 12% debentures of Rs. 100 each in Asha Ltd as on 1st April, 2015 at a cost of Rs. 50,000. Interest is payable on 30th June and 31st December each year. On 1st June 2015, 200 debentures are purchased cum interest @ Rs. 21,400. On 1st November 2015, 300 debentures are sold ex-interest at Rs. 28,650. On 30th November, 2015, 300 debentures are sold cum interest for Rs. 32,250
 Prepare investment account valuing closing stocks as on 31st March 2016, at cost (applying FIFO method) or market price, whichever is lower. The debentures were quoted at par on 31st March, 2016
23. From the following information, you are required to work out claim under the loss of profits insurance policy.
- Cover-Gross Profit-Rs. 1,00,000
 - Indemnity period – 6 months
 - Damage- due to a fire accident on 28th December- accounting year ends on 31st December.
 - Net profit plus all standing charges in the prior accounting year- Rs. 1,50,000
 - Standing charges uninsured- Rs. 25,000
 - Turnover of the last accounting year was Rs. 5,00,000, the rate of gross profit being 25%.
 - The annual turnover, namely, the turnover for 12 months immediately preceding the fire- Rs. 5,20,000.
 - As a consequence of fire, there was a reduction in certain insured standing charges at the rate of Rs. 25,000 per annum.
 - The standing turnover Rs. 2,60,000.
 - Increased cost of working during the period of indemnity was Rs. 20,000.
 - Turnover during the period of indemnity was Rs. 1,00,000 and out of this turnover of Rs. 80,000 was maintained due to increased cost of working.
24. Write a proforma of Balance sheet of companies in vertical format.

25. The following balances appear in the books of Alwin Ltd after the preparation of Profit and loss account for the year ended 31.3.2009.

Paid up share capital in 25,000 shares of Rs.10 each	2,50,000
General reserve	50,000
Profit and loss balance on 1.4.2008	26,000
Profit for current year	64,000
Bank loan	82,000
Bills payable	16,000
Sundry creditors	88,000
Unclaimed dividend\	1,000
Land and buildings	91,000
Plant and machinery	29,000
Stock	2,90,000
Debtors	1,42,000
Cash at bank	11,000
Prepaid expenses	14,000

The Board of directors recommended the following appropriations:

1. Transfer to general reserves Rs. 30,000
2. Proposed dividend Rs. 25,000
3. Provide 10% of proposed dividend for corporate dividend tax

Authorized capital is 50,000 equity shares of Rs. 10 each. Prepare profit and loss appropriation account and balance sheet in accordance with schedule VI of the Companies Act.

(2 X 15 = 30)