

B.Com. DEGREE EXAMINATION NOVEMBER 2012
COMMERCE
FIFTH SEMESTER

COURSE : MAJOR – CORE
PAPER : CORPORATE ACCOUNTING
TIME : 3 HOURS **MAX. MARKS : 100**

SECTION – A

ANSWER ALL QUESTIONS: (10 x 3 = 30)

1. What do you mean by Forfeiture of Shares?
2. What is meant by Cumulative Preference Shares?
3. State the Features of Debentures.
4. What is Managerial Remuneration? What is the maximum limit?
5. State any three sources of Fund.
6. GM Company Ltd. forfeited 100 shares of Rs.10 each issued at a premium of 10% for non-payment of final call of Rs.3 per share. Of these, 70 shares were re-issued at Rs.8 per share as fully paid up.
Give necessary journal entries for forfeiture and Re-issue.
7. MR Co. Ltd. has to redeem its redeemable preference shares of the value of Rs. 2,00,000 at a premium of 10% for which the company has issued 10,000 equity shares of Rs. 10 each at a premium of Rs.5 per share. You are required to calculate the amount to be transferred to Capital Redemption Reserve Account.
8. RBG Co. Ltd. issued 1,000 10% Debentures of Rs.100 each at a discount of 5% repayable at a premium of 10%. Give the appropriate journal entry for the issue.
9. From the following particulars of VNP Co. Ltd., calculate the net profit for managerial remuneration:
 - (a) Net Profit as per Profit and Loss Account Rs. 8,00,000
 - (b) Remuneration to the Managing director paid Rs. 80,000
 - (c) Provision for bad debts made during the year Rs. 20,000
 - (d) Provision for Income-tax made during the year Rs. 4,00,000
10. Find out funds from Operations from the details given below:

Particulars	Amount Rs.
New Profit for the year 2011	95,000
Depreciation charged on fixed Assets	42,000
Profit on sale of Long-Term Investments included in the profit	13,000
Goodwill written off	20,000

SECTION – B**ANSWER ANY FIVE QUESTIONS:****(5 x 8 = 40)**

11. NV Co. Ltd. issued 10,000 shares of Rs.10 each payable as under:
Rs. 2 on application, Rs. 3 on Allotment, Rs. 3 on First call and Rs. 2 on Second and Final call. All the calls were made and the amounts were duly received. The public applied for 9,000 shares. These shares were allotted. All the calls are made. Pass necessary journal entries in the books of the company.
12. Virat Co. Ltd. has a credit balance on Profit and Loss Account of Rs. 3,00,000 on 1-4-2011 and the Net Profit after tax for the year 2011-12 is Rs.15,00,000. It was decided that the following decisions be carried out regarding reserves and dividends:
(a) General reserve Rs. 3,50,000.
(b) Investment Allowance Reserve Rs. 3,50,000.
(c) Dividend Equalisation Fund Rs. 2,00,000.
(d) Dividend of 10% on preference shares of Rs. 20,00,000.
(e) Dividend at 15% on 3,00,000 equity shares of Rs.10 each fully paid.
You are required to prepare the Profit and Loss appropriation Account.

13. The following is the Balance sheet of EMR Co. Ltd. as on 31-12-2011.

Liabilities	Rs.	Assets	Rs.
Equity Share capital (Rs. 10 each)	2,00,000	Fixed Assets	3,10,000
1,000 8% redeemable preference shares of Rs. 100 each fully paid	1,00,000	Cash at Bank	1,40,000
Profit and Loss a/c	1,20,000		
Sundry Creditors	30,000		
	4,50,000		4,50,000

The company resolved to redeem its preference shares at a premium of 2% out of profits. Give necessary journal entries.

14. Sachin Co. Ltd. issued 10,000 12% Debentures of Rs. 100 each. Give appropriate journal entries in the books of the company, if the debentures were:
(a) Issued at a discount of 5%, repayable at par.
(b) Issued at a premium of 10%, repayable at par.
(c) Issued at par, redeemable at a premium of 10%.
(d) Issued at a discount of 5%, repayable at a premium of 10%.
15. Determine the maximum remuneration available (as per Companies Act, 1956) to the part-time directors and Manager of Raina Co. Ltd., from the following particulars:
Net profit as per Profit and Loss Account was Rs. 6,60,000 for the year ended 31-03-2012 after taking into account the following items:
- | | Rs. |
|---|----------|
| (a) Capital expenditure | 1,50,000 |
| (b) Subsidy received from government | 1,20,000 |
| (c) Special depreciation | 20,000 |
| (d) Multiple shift allowance | 30,000 |
| (e) Bonus to foreign technicians | 90,000 |
| (f) Provision for taxation | 8,00,000 |
| (g) Compensation paid to an injured workman | 20,000 |
| (h) Ex-gratia to an employee | 10,000 |
| (i) Loss on sale of fixed assets | 20,000 |
| (j) Profit on sale of investments | 60,000 |

16. Compute Cash from Operating Activities from the following Balance sheets of Yuvraj Co. Ltd.:

Liabilities	2010 Rs.	2011 Rs.	Assets	2010 Rs.	2011 Rs.
Share capital	2,00,000	2,00,000	Fixed Assets at cost	1,60,000	1,80,000
Profit and Loss a/c	40,000	60,000	Less: Depreciation	(30,000)	(50,000)
General reserve	25,000	40,000	Stock	1,00,000	92,000
Creditors	70,000	80,000	Debtors	35,000	90,000
			Cash	70,000	68,000
	<u>3,35,000</u>	<u>3,80,000</u>		<u>3,35,000</u>	<u>3,80,000</u>

17. Calculate Funds from Operations from the following:

Profit and Loss Account

	Rs.		Rs.
To Rent	10,000	By Gross Profit	9,86,000
To Salary	25,000		
To Depreciation on Furniture	3,000		
To Discount on issue of shares	10,000		
To Goodwill written off	5,000		
To Preliminary expenses	6,000		
To Net Profit	9,27,000		
	<u>9,86,000</u>		<u>9,86,000</u>

SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 x 15 = 30)

18. Srikanth Ltd. issued to public 10,000 shares of Rs.100 each at a discount of 5% payable as follows:

On application Rs.25; on allotment Rs.34 and on first and final call Rs.36.

Applications were received for 9,000 shares and all these were accepted. All the moneys due were received except the first and final call in 100 shares which were forfeited. 50 of these shares were reissued at Rs.90 per share as fully paid.

You are required to pass necessary journal entries in the books of the company and show the Balance Sheet of the company.

19. Following is the summarized Balance Sheet of Nagaraju Limited as on 31st December 2011.

Liabilities	Rs.	Assets	Rs.
Share Capital:		Fixed Assets	2,37,500
1,000 10% pref. shares of Rs.100 each	1,00,000	Investments	12,500
20,000 equity shares of Rs.10 each	2,00,000	Current Assets	95,000
Securities premium	4,850	Miscellaneous Expenditure	48,750
Profit & Loss A/c	60,000		
Current Liabilities	28,900		
	<u>3,93,750</u>		<u>3,93,750</u>

On the above date, it was decided to redeem the preference shares at a premium of 10%. The Directors wish that only the minimum number of fresh equity shares of Rs.10 each at a premium of 5% be issued to provide for redemption of such preference shares as could not otherwise be redeemed.

Give necessary journal entries and also prepare the Balance Sheet after redemption.

20. Balaji Company Limited is a company with an authorized capital of Rs. 5,00,000 in equity shares of Rs. 100 each. The following are the balances extracted from its books on 31-12-2011.

Debit	Rs.	Credit	Rs.
Opening Stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount received	3,150
Wages	70,000	Profit and Loss Account	6,220
Discount Allowed	4,200	Creditors	35,200
Insurance (upto 31-3-2012)	6,720	Reserves	25,000
Salaries	18,500	Loan from M.D.	15,700
Rent	6,000	Share capital	2,50,000
General expenses	8,950		
Printing	2,400		
Advertisement	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,500		
Furniture	17,100		
Bank	34,700		
Bad debts	3,200		
Call-in-arrears	5,000		
	6,60,270		6,60,270

You are required to prepare Profit and Loss Account for the year ended 31-12-2011 and a Balance Sheet as on 31-12-2011 after taking into account the following information:

- Closing stock was valued at Rs. 1,91,500.
 - Plant and Furniture be depreciated at 15% and 10% respectively.
 - A tax provision of Rs. 8,000 is considered necessary.
 - The directors declared a dividend of 6% on 15-8-2011.
21. The Balance Sheets of Krishnamurthy Co. Ltd. as on 31st December 2009 and 31st December 2010 are as follows:

Liabilities	2009 Rs.	2010 Rs.	Assets	2009 Rs.	2010 Rs.
Equity Share capital	5,00,000	7,00,000	Buildings	80,000	1,20,000
Profit and Loss a/c	1,00,000	1,60,000	Machinery	5,00,000	8,00,000
General reserve	50,000	70,000	Stock	1,00,000	75,000
Creditors	1,53,000	1,90,000	Debtors	1,50,000	1,60,000
Bills Payable	40,000	50,000	Cash	20,000	20,000
Outstanding expenses	7,000	5,000			
Total	8,50,000	11,75,000		8,50,000	11,75,000

Additional information:

- A depreciation of Rs. 50,000 has been charged on Machinery during 2010.
- A piece of Machinery was sold for Rs. 8,000 during the year 2010. It had cost Rs. 12,000; depreciation of Rs. 7,000 had been provided on it.

Prepare a Schedule of changes in Working Capital and a Funds flow Statement for the year 2010.



