

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.B.A.DEGREE EXAMINATION – BUSINESS ADMINISTRATION

FOURTH SEMESTER – APRIL 2018

16UBU4ES01– CORPORATE ACCOUNTING

Date: 25-04-2018

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

SECTION – A

Answer all the Questions.

(10X2=20)

1. What do you mean by financial statements analysis?
2. Write a note on comparative statement.
3. What do you mean by cash flow statement?
4. Write any two limitations of cash flow statement.
5. Define underwriting.
6. Write about underwriting commission payable to an underwriter as per law.
7. What do you mean by right issue?
8. Write a note on revenue profit.
9. What do you mean by corporate dividend tax?
10. . A company was incorporated on 1.2.1998 to purchase the business of Abdul from 1st Nov 1997.there were ten employees before incorporation but 5 more were appointed on 1.2.1998 you are required to ascertained the weighted time ratio for dividing salaries when accounts are finalized on 1st Oct

SECTION - B

Answer any four Questions.

(4X10=40)

11. What are the provisions regarding Bonus issue of shares?
12. Distinguish cash flow statement and fund flow statement
- 13.the following the summarized income of ABC ltd for the year ended 31.3.2003

particular	RS
Sales(including cash sales RS 20,000)	1,60,000
Less: operating expenses excluding depreciation	1,00,000
	60,000
Less: depreciation	20,000
Net profit tax	40,000
Add: extraordinary income –gain on speculation	10,000
	50,000
Less: provision tax at 40%	20,000
Net profit after tax	30,000

The following additional data is also available for 2002-03:

- (a) Operating expenses include loss on sales of furniture RS 4,000
- (b) Tax paid during the year for 2001-02rs 18,000
- (c) Current assets and liabilities at the year end of 2001-02and 2002-03were as under

	31.3.2003	31.3.2002
debtors	16,000	12,000
stocks	13,000	14,000
creditors	18,000	17,000

You are required to ascertain net cash flow from operating activities.

14. Explain different types of underwriting

15. A company wants to redeem its 10,000 6% preference shares of RS 10 each ,fully paid at 10% premium .the ledger accounts show the following balance

	RS
Securities premium	2,000
Profit and loss A\c (cr)	10,000

The directors redeemed the share by making fresh issue of equity share of RS 10 each at a premium 5% .Give journal entries

16.P,K and R underwrote 80%of an issue of20,000preference share of RS 10 each in the ratio of 2:2:1. The firm and the market application of the underwriters are as follows

Underwrites	firm	Marked
P	2,400	4,000
K	2,000	3,000
R	1,600	1,000

Application for 16,000 shares were received in all .prepare the statement showing the liabilities of each of the underwriters.

17. S&R co., ltd was incorporated on July 1,1992to purchase the business of Nishabros ., as on

1.4.92.certificate of commencement of business was received on 1.8.92.the accounts for the year ended

31.3.93 disclosed net profits of RS 80,000 after charging the following :

(a). directors salary –RS 10,000

(b) Salaries –RS 20,000(4 employees) in pre incorporation period and six employees in post incorporation period

(c) wages-RS 10,200(5 workers at RS 80 per month in pre incorporation period and10 workers at Rs 100 p.m in post incorporation period)

The sales were RS 3,00,000 of which RS 75,000 were in pre incorporation period

Calculate profit earned in pre and post incorporation period

SECTION - C

Answer any two Questions.

(2X20=40)

18 (i) explain the process of financial statement analysis?
(ii) Explain the procedure for analysis and interpretation?

19. Moon and stars co ltd.is a company with an authorized capital of Rs 12, 00,000 divided into 12,000 equity shares of Rs 100 each

	Rs		RS
Premises	6,00,000	Sales	8,30,000
Stock(1.4.97)	1,50,000	6% debenture	6,00,000
Furniture	14,400	P & L (credit)	29,000
Calls-in- arrears	15,000	Bills payable	76,000
Plant & machinery	6,60,000	Sundry creditors	1,00,000
Interim dividend	75,000	General reserve	50,000
Sundry debtors	1,74,000	Provision for doubtful debts	7,000

Goodwill	68,000	Paid up capital	8,00,000
Cash	63,300		
Purchases	3,70,000		
Preliminary expenses	10,000		
Wages	1,69,730		
General expenses	13,670		
Advertising	20,000		
Freight	26,230		
Salaries	29,000		
Directors fee	11,450		
Bad debts	4,220		
Debenture interest	18,000		
	24,92,000		24,92,000

The following adjustments to be made

1. Stock on 31 March 1998 was valued at Rs 1,90,000.
2. Write off preliminary expenses
3. Provide for half year's debenture interest.
4. The provision for doubtful debts equal to 1% of sales
5. Directors fee outstanding Rs 550 and salaries Rs.1,000
6. Depreciate machinery by 5%, premises by 2% and furniture for Rs 2,400
7. Goods value of Rs 3,000 were distributed as free samples during the year, But no entry has been made.

You are required to prepare statement of profit and loss for the year ending 31/3/1998 and balance sheet as on the same date.

20. B Ltd request you to prepare cash flow statement from the following balance sheet

Liabilities	1998	1999	Assets	1998	1999
Share capital	2,00,000	2,00,000	Land	1,55,000	2,16,000
Debentures	1,00,000	20,000	Buildings	2,00,000	2,60,000
Bank loan	80,000	1,40,000	Machinery	60,000	3,00,000
Bank O/D	--	2,60,000	Stock	90,000	1,20,000
Reserves	80,000	1,40,000	Debtors	60,000	80,000
Current liabilities	60,000	90,000	Cash at bank	30,000	--
Proposed dividend	1,00,000	1,40,000	Cash in hand	5,000	10,000
			Discount on issue of debenture	20,000	4,000
	6,20,000	9,90,000		6,20,000	9,90,000

(a) During 1999, dividend paid was Rs 1,00,000

(b) Debentures were redeemed at 20% premium

© Depreciation charging during 1999 was Rs 40,000 on building and Rs 20,000 on machinery

21 The following is the summarized balance sheet of Nayaganco Ltd., as on 31.12.1988

liabilities	Rs		assets	Rs
Share capital:		5,00,000	bank	90,000
Paid up share capital 50,000 equity share of Rs 10 each				
1,000 10% redeemable shares of Rs 100 each 1,00,000	1,00,000		Other assets	8,10,000
Less: call in arrear on 50 shares	1,000			
		99,000		
Reserve & surplus :				
General reserve		1,00,000		
Development rebate reserve		50,000		
Other liabilities		1,51,000		
		9,00,000		9,00,000

The redeemable preference shares were redeemed on the following basis:

(a) Further 4,500 equity shares were issued at a premium of 10%

(b) Expenses of fresh issues of shares Rs 5,000

© Out of 50 preference shares, holders of 40 shares paid the call money before the date of redemption.

The balance of 10 shares were forfeited and they were reissued as fully paid shares on receipt of Rs 500 before redemption

(d) Preference shares were redeemed at a premium of 10% and share premium was utilized in full of purpose

Pass journal entries including those relating to cash and prepare summarized balance sheet after redemption
