

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

THIRD SEMESTER – NOVEMBER 2019

18/17/16UBC3MC01 – CORPORATE ACCOUNTING

Date: 29-10-2019

Dept. No.

Max. : 100 Marks

Time: 01:00-04:00

Part-A

Answer ALL Questions

(10 × 2 = 20 Marks)

1. What do you mean by short term provision?
2. What is financial cost?
3. List out Two objectives of cash flow statement.
4. What is short term solvency?
5. What do you mean by Pure underwriting?
6. The Hindustan Ltd issued 2,00,000 Equity shares of Rs.10 each. The whole issue was underwritten by Kala. Applications for 1,60,000 shares were received in all. Determine the liability of underwriter.
7. What is Cum-Interest?
8. A company having reserves of Rs.60, 000 wants to redeem Rs.2, 00,000 preference shares. Calculate the face Value of fresh shares of Rs.10 each to be made at a premium of 10%.
9. Write short note on buy back.
10. M and Co Ltd was registered on 1.1.1999 to buy the business of M/s M bros as on 1.10.1998 and obtained the Certificate of commencement of business on 1.2.99 his accounts were closed on 30.9.1999. Calculate time Ratio.

Part-B

Answer Any FOUR Questions

(4 ×10 = 40 Marks)

11. What are the functions of financial statement?
12. Explain the procedure and steps in the preparation of cash flow statement.
13. Ramco Ltd was incorporated on 1.7.94, which took over a running concern with effect from 1.1.94. the sales for the period upto 1.7.94 was Rs. 2,70,000 and the sales from 1.7.94 to 31.12.94 amounted to Rs.3,30,000. The expenses debited to profit and loss account included.

Directors' Fees	Rs.15,000
Bad Debts	Rs. 1,800
Advertisement	
(Rs. 500 per month)	Rs. 6,000
Salaries	Rs. 32,000
Preliminary expenses written Off	Rs.3,000
The gross Profit was (1.1.94 to 1.12.94)	Rs. 2,40,000
Ascertain the profit prior to incorporation .	

14. HV Company issued 20,000 shares of Rs.10 each a par which were underwritten as follows.
X-10,000 shares Y-6000 Shares, Z-4,000 Shares.
Applications were received for 18,000 shares which included marked applications also as follows.
X-4000 shares, Y-2000 shares, Z-10,000 shares.
You are required to prepare a statement showing how many shares underwriters will have to take under

the underwriting contract.

15. Calculate Cash from operations from the following profit and loss A/c

To expenses paid	300000	By Gross profit	450000
To depreciation	70000	By Profit on sale	50000
To loss on sale of machine	4000	By dividends	4000
To discount	200	By interest on investment	6000
To Goodwill	20000		
To net profit	115800		
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	510000		510000
	=====		=====

16. The following extract from the balance sheet of G Ltd.as on 31st Dec 2018 is given to you.

Share capital :	
2,00,000 Equity shares of Rs.10 each	Rs.20,00,000
3,00,000 6% redeemable Preference shares of Rs.10 each	Rs.30,00,000
Capital Reserve	Rs.15,00,000
General Reserve	Rs. 9,00,000
Profit & Loss A/c	Rs.25,50,000

The company exercises its option to redeem the preference shares on 1st Jan 2019. The company has sufficient Cash. Give journal entries to record the redemption.

17. What are the sources for issue of bonus shares?

Part-C

Answer Any Two Questions

(2 × 20 = 40 Marks)

18. Explain the different types of underwriting.

19. The following Trial Balance of Neela Ltd. As on 30th December 1998 are given below

Debit	Rs.	Credit	Rs.
Stock 1.1.1998	80,000	8,000 equity shares of	6,00,000
Bank	17,600	Rs.100 each ,Rs.75 paid	
Patents	60,000	6% Debentures	2,00,000
Calls in arrears	20,000	Sundry creditors	1,00,000
Return inwards	30,000	General reserves	80,000
Purchases	7,72,000	Sales	10,00,000
Wages	1,08,000	Return outward	20,000
Insurance prepaid	400	P & L a/c (Cr)	12,000
Bills Receivable	30,000		
Sundry Debtors	80,000		
Discount on issue of			
Debentures	10,000		
Plant & Machinery	4,00,000		
Land & Buildings	3,00,000		
Insurance	4,000		
General Expenses	40,000		
Establishment expenses	60,000		
	20,12,000		20,12,000

Additional information

- The value of stock on 31st December 1998 was Rs.74,000
- Outstanding wages Rs.10,000
- A provision 5% is to be created on sundry debtors for doubtful debts.
- Depreciation patents @10% and Plant & Machinery @7.5% and on Land & Building @4%.

You are required to prepare statement of profit & Loss for the year ended 31.12.1998 and Balance sheet as on that date.

20. The following are the Balance sheets of Daniel Co Ltd. As on 31.12.2005 and 31.12.2006

Liabilities	2005	2006	Assets	2005	2006
Share capital	1,00,000	1,25,000	Building	1,00,000	95,000
General Reserve	25,000	30,000	Machinery	75,000	85,500
Profit & Loss A/c	15,250	15,300	Stock	50,000	37,000
Bank Loan	35,000	-	Debtors	40,000	31,100
Creditors	75,000	67,600	Cash	250	300
Provision for tax	15,000	17,500	Bank	-	4,000
			Investment	-	2,500
	2,65,250	2,55,400		2,65,250	2,55,400

Additional Information

- Dividend of Rs. 11,000 was paid
 - Machinery was purchased for Rs.15,000
 - Income tax paid during the year Rs.16,500
- Prepare cash flow statement.

21. The Balance sheet of LKG Co Ltd as on 31.03.2015 was as follows.

Liabilities	Rs	Assets	Rs
20,000 Equity shares of Rs.10 each fully paid up	2,00,000	Fixed Assets	2,37,500
10% Preference shares of Rs.100 each fully paid up	1,00,000	Investments	12,500
Securities premium	4,850	Current Assets	95,000
Profit and Loss A/c	60,000	Miscellaneous Expenditure not yet written off	48,750
Current liabilities	28,900		
	393,750		393,750

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 the necessary journal entries and also prepare the Balance sheet after redemption.

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