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III SEMESTER BCOM EXAMINATION – MARCH / APRIL – 2022

180

SCHEME – SEMESTER – CBCS

CORPORATE ACCOUNTING - I

Time: 03 Hours **Max Marks: 80**

Instructions to Candidates: Answer all parts. Case Study is Compulsory

PART – A

Answer any **FOUR** of the following. Each Question carries 5 Marks: **4x5=20**

1. Briefly explain Forfeiture and Re-issue of Shares.
2. What are the purposes for which share premium amount can be utilized?
3. What are the guidelines for the issue of Bonus Shares?
4. What are the conditions for redemption of Preference Shares?
5. What is Under Writing of shares?
6. Name any five examples of non cash transaction.

PART – B

Answer any **TWO** of the following. Each Question carries 10 Marks: **2x10=20**

7. Distinguish between Bond and Debentures.

8. Kumar Co. Ltd redeemed its Preference Shares amounting to ₹ 2,00,000 at a premium of 10%. For this purpose, it issued 5000 Equity Shares of ₹ 20 each at a premium of ₹4 per share. The Company has a balance of ₹ 80,000 in General Reserve and ₹ 50,000 credit balance in Profit and Loss Account and a bank balance of ₹ 1,40,000.

   Write Journal Entries to record the above transactions.

9. Suraj Co. Ltd issued bonus to make their partly paid up shares into fully paid shares out of General Reserve. The premium and CRR utilized to declare two fully paid bonus shares for every 5 shares held:

   Balance on 1.4.2020 are given below:

6,000 Equity Shares of ₹ 100 each, ₹ 80 paid up	4,80,000
General reserve	1,80,000
Securities Premium	80,000
CRR	1,60,000

   Pass the journal entries to record the above transactions in the books of the Company.

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10. From the following Balance Sheets of Arnar Ltd., Calculate cash from operating activities:

Liabilities	2019	2020	Assets	2019	2020
Equity Capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
15% RPS Capital	1,50,000	1,00,000	Building	2,00,000	1,70,000
General reserve	40,000	70,000	Plant	80,000	2,00,000
Profit & Loss A/c	30,000	48,000	Debtors	1,60,000	2,52,000
Creditors	55,000	83,000	Stock	97,000	87,000
O/s expenses	20,000	16,000	Cash	25,000	18,000
Provision for tax	40,000	50,000			
Proposed dividend	42,000	50,000			
	6,77,000	8,17,000		6,77,000	8,17,000

PART – C

Answer any **TWO** of the following. Each Question carries 15 Marks: **2x15=30**

11. 'Jupitor' Ltd. issued a prospectus inviting applications for 15,000 shares of ₹ 10 each payable as follows:

₹ 3 on application, ₹ 4 on allotment and ₹ 3 on 1st and final call.

Applications were received for 22,500 shares and the allotment was made pro-rata to the applicants of 18,000 shares. The remaining applications being refused. Money overpaid on applications was employed on account of sums due on allotment.

Madhu, to whom 600 shares were allotted failed to pay the allotment money and on his subsequent failure to pay the first and final call, his shares were forfeited. The forfeited shares were re-issued as fully paid up for ₹ 7 per share to Manu.

Expenses of share issue came to ₹ 8,000.

Pass journal entries in the books of the company.

12. Nisarga Co. Ltd was registered with a nominal capital of 20,000 shares of ₹ 100 each. The following ledger balances were extracted from the books of the Co. on 31.3.2020.

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	Debit ₹	Credit ₹
Share Capital	-	10,00,000
Land & Building	9,50,000	-
Plant & Machinery	6,40,000	-
Furniture	60,000	-
Stock on 1.4.2019	1,15,000	-
Purchases & Sales	26,30,000	35,20,000
Freight	46,000	-
Debtors & Creditors	1,40,000	90,000
Wages & Salaries	1,80,000	-
Reserve fund	-	2,50,000
Manufacturing expenses	1,45,000	-
Office expenses	60,000	-
Trade expenses	35,000	-
Director's fees	20,000	-
12% Debentures	-	4,00,000
Interest paid on debentures	24,000	-
Share premium	-	30,000
Discount on debentures	10,000	-
Profit & Loss A/c on 1.4.2019	-	1,25,000
Transfer fees	-	1,000
Discount	30,000	25,000
Investment	80,000	-
Interest on investment	-	9,000
Loan from MD	-	50,000
Bank overdraft	-	66,000
Goodwill	1,50,000	-
Dividend of last year	90,000	-
Advance tax paid	70,000	-

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Cash in hand	15,000	-
Calls in arrears	20,000	-
Patent rights	56,000	-
	55,66,000	55,66,000

Adjustments:

a) Stock on 31.3.2020 valued at ₹ 1,19,000

b) Wages include ₹ 10,000 paid for the installation of new machinery on 1.4.2019.

c) Provide 5% RBD

d) Transfer ₹ 50,000 to reserve fund.

e) Provide for depreciation on Land and Building at 2%, Plant & Machinery at 10%.

f) Write off half of discount on debentures.

g) Make provision for taxation ₹ 80,000.

h) Directors proposed 15% dividend on paid up capital.

Prepare Final accounts of the Company as per Companies Act 2013.

13. From the following information prepare cash flow statement for the year ended 31.3.2020.

Balance Sheet

Liabilities	31.3.2019 ₹	31.3.2020 ₹	Assets	31.3.2019 ₹	31.3.2020 ₹
Equity Capital	2,00,000	2,50,000	Building	2,00,000	1,90,000
General reserve	50,000	60,000	Machinery	1,50,000	1,69,000
Profit & Loss A/c	30,500	30,600	Stock	1,00,500	74,000
Bank loan	70,000	-	Debtors	80,000	64,200
Creditors	1,50,000	1,35,200	Cash	-	600
Provision for tax	30,000	35,000	Bank	-	8,000
			Goodwill	-	5,000
	5,30,500	5,10,800		5,30,500	5,10,800

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Additional Information:

a) Dividend paid ₹ 23,000

b) The following assets of another Co. purchased for a consideration of ₹ 50,000 paid for in shares: Stock ₹ 20,000, Machinery ₹ 25,000.

c) Further Machinery purchased for ₹ 25,000

d) Depreciation on building ₹ 10,000 and on Machinery ₹ 14,000

e) Tax paid ₹ 28,000.

14. What is redemption of debentures? Explain the different ways of redeeming the debentures.

PART – D

15. Case Study. Carries 10 Marks: **10**

Cash flow Statement of Tech Mahindra Co. Ltd.

While preparing the Cash flow statement, the Accountant recorded the following items under cash flow from Financing activities.

a) Depreciation of Fixed Assets.

b) Goodwill Written off

c) Preliminary Expenses

d) Discount on issue of shares

e) Loan from Bank

Has the accountant recorded the above said item under the proper head of Cash flow, Justify.

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