



QP CODE: 24027882



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Reg No :

Name :

**BFM DEGREE (CBCS) REGULAR / IMPROVEMENT / REAPPEARANCE
EXAMINATIONS, OCTOBER 2024**

Third Semester

Bachelor of Financial Markets

Core Course - FM3CRT07 - CORPORATE ACCOUNTING I

2020 Admission Onwards

404CC586

Time: 3 Hours

Max. Marks : 80

Part A

*Answer any **ten** questions.*

*Each question carries **2** marks.*

1. What is Sweat Equity?
2. What do you mean by reissue of shares?
3. What is ESOP?
4. What is a Right Share?
5. What is Underwriting?
6. What are Marked Applications?
7. How do you deal with profit on sale of investments?
8. How is right issue is treated in investment accounts?
9. What is a non-current liability?
10. What is dividend distribution tax?
11. How will you treat TDS in final accounts?
12. How will you treat loss prior to incorporation?

(10×2=20)

Part B

*Answer any **six** questions.*

*Each question carries **5** marks.*





13. What do you mean by issue of shares for consideration other than cash?
14. Explain the provisions under the Companies Act 2013 relating to issue and redemption of preference shares.
15. A Company has an authorised share capital of Rs 10,00,000 in Equity shares of Rs 10 each. Out of the above, 50,000 shares were issued and fully paid up. The General Reserve amounts to Rs 5,00,000. The directors decide to make a bonus issue of one share for every two shares held out of the divisible profit. The Articles of the company permit such a bonus issue and necessary sanction has been obtained. Give Journal Entries to record the new issue of bonus shares.

16. The following items have been extracted from the books of Nava Jyothi Ltd as on 31.3.2018;

Share Capital:

1,00,000 Equity shares @ 10 each	10,00,000
General Reserve	2,00,000
Statement of profit and loss balance	80,000
Securities premium	2,00,000
12% Debentures	1,00,000
Cash at Bank	3,00,000

The company decided to buy back 25% of the paid up Equity share capital at face value. It was also decided to issue 12% Debentures of Rs 1,00,000 at par for the purpose of buy back of shares.

Journalize the transactions relating to buy back of shares.

17. Greenland Ltd issued 1,50,000 Equity shares. The whole of the issue was underwritten as follows:

X – 50% : Y – 25% and Z – 25%

Applications for 1,20,000 shares were received in all, out of which marked applications were: X- 30,000; Y- 15,000 and Z- 30,000. The remaining applications for 45,000 shares did not bear any stamp of the underwriter. Determine the liability of underwriters.

18. Explain the reclassification procedure of investments.
19. On 01.04.2017 Sujatha Ltd. had 12% Govt. Bonds amounting to Rs 4,00,000 at Rs 96 (face value being Rs100 each). Interest is payable on 30.06.2017 and 31.12.2017. Show 12% Govt. Bonds Account for the period ended 31.12.2017.

20. From the following data, prepare relevant Notes to Accounts:

Particulars	Rs in 000's
Salaries	250
Wages	150
Contribution to PF	200
Contribution to Gratuity	72
Staff welfare expense	150





Expenses on ESPP	28
Outstanding Wages	50
Interest Expense	25
Brokerage	5
Interest on Debentures	6

21. Tony and Boney working in partnership, registered a joint stock company under the name of 'BT Ltd' on 01.09.2017 to take over the business with effect from 01.04.2017

Profit and Loss Account for the year ending 31.03.2018

Particulars	Rs	Particulars	Rs
To Salaries and wages	5,000	Gross Profit b/d	42,000
Debenture interest	2,500		
Depreciation	1,000		
Interest on purchase consideration (upto 30.09.2017)	5,400		
Directors fees	400		
Preliminary expenses written off	500		
Selling commission	6,000		
Provision for taxes	2,500		
Dividend on equity shares @5%	3,000		
Net Profit	15,700		
	42,000		42,000

Sales for the year totalled Rs 1,12,500 out of which Rs 75,000 related to the period from 01.09.2017 to 31.03.2018. You are required to statement showing profit prior to incorporation and profit after incorporation.

(6×5=30)

Part C

Answer any **two** questions.

Each question carries **15** marks.

22. CC Ltd invited applications for 100,000 shares of Rs 10 each payable as follows:

On application Rs 2 per share
On allotment Rs 3 per share
On first call Rs 2 per share
On final call Rs 3 per share

Applications were received for 150,000 shares. 30,000 applications were rejected and a Pro-rata allotment was made to the rest.

Application money in respect of rejected applications is to be refunded. But the excess application money received from those to whom pro-rata allotment was made is to be adjusted against the allotment money due from them.





The Directors made all the calls and the amounts were received in time except the first and final call on 2000 shares.

Gives journal entries in the books of the company. Also, show the Balance sheet.

23. Spot light has issued 60,000, 8% Redeemable Preference shares of Rs 20 each and 4,00,000 Equity shares of Rs 10 each. The preference shares are redeemable at a premium of 5% on 1st April 2018. As on 31-3-2018, the company's Balance Sheet stood as follows:

Balance sheet			
Liabilities	Rs	Assets	Rs
Share Capital:		Plant and Machinery	25,00,000
60,000, 8% Preference		Furniture	9,00,000
Shares of ` 20 each	12,00,000	Stock	15,00,000
		Debtors	14,00,000
4,00,000 Equity			
Shares of ` 10 each	40,00,000	Investments	3,50,000
Profit & Loss A/c	7,00,000	Cash at Bank	3,50,000
Creditors	11,00,000		
	70,00,000		70,00,000

It is decided:

1. To sell the investments for Rs 3,00,000
2. To finance the part of redemption from the company's fund, subject to leaving a balance of Rs 2,00,000 in the profit and Loss Account, and
3. To issue sufficient number of equity shares of 10 each at a premium of 2 per share to raise the balance of fund required.

The preference shares are duly redeemed. Give Journal Entries and show the Balance Sheet in Vertical form:

24. Mr. Mohan gives the following details regarding his investment in 16% Debentures of Sita Ltd.

- a) Opening Balance (1st January) face value of Rs 60,000 – Cost Rs 59,000.
- b) 1st March : Purchased 100 debentures ex-interest @ Rs 98
- c) 1st July : Sold 200 debentures ex-interest out of the original holding at Rs 100.
- d) 1st October : Purchased 50 debentures at Rs 98 cum-interest.
- e) 1st November : Sold 200 debentures ex-interest at Rs 99 out of the original holdings.
- f) Interest dates are 30th September and 31st March.

Mohan closes his books every 31st December. Brokerage at 1% is to be paid for each transaction. Show the Investment Account as it would appear in his books. Market value of debentures on 31st December is Rs 99.

25. The Bangalore Manufacturing Co. Ltd was registered with a nominal capital of Rs 15,00,000 divided in to equity shares of Rs.100 each.

On 31st March, 2018, the following ledger balances were extracted from the books of





the company-

Equity share capital – called up	11,50,000
Calls in arrear	18,750
Plant and Machinery	9,00,000
Stock (1-4-2017)	1,87,500
Fixtures	18,000
Sundry Debtors	2,17,500
Buildings	7,50,000
Purchases	4,62,500
Interim dividend	18,750
Rent	12,000
General expenses	12,250
Debenture interest	22,500
Bills Payable	95,000
General Reserve	62,500
Surplus a/c (1-4-2017)	36,250
Preliminary expenses	12,500
Freight and Duty	32,750
Goodwill	62,500
Wages	2,12,000
Cash in Hand	5,875
Cash at Bank	95,750
Director's fees	14,350
Bad debts	5,275
Commission paid	18,000
Salaries	36,250
6% Debentures	7,50,000
Sales	10,37,500
Government Securities	1,50,000
Reserve for Doubtful Debts	8,750
Sundry Creditors	1,25,000

The stock on 31st March, 2018 was estimated at Rs 2,52,000.

The following adjustments were to be made-

1. Final dividend at 5% to be provided.
2. Depreciate Plant and Machinery at 10% and Fixtures at 5% p.a.
3. Preliminary expenses to be written off by 20%.
4. Transfer Rs 25,000 to General Reserve.
5. A provision for income tax of Rs 62,500 was to be made.
6. Provision for bad debts to be maintained at 5% on Sundry Debtors.

Prepare the Statement of Profit and Loss account for the year ended 31st March, 2018 and the Balance Sheet as on that date.

(2×15=30)

