

Roll No



**PRESIDENCY UNIVERSITY
BENGALURU**

**SCHOOL OF LAW
END TERM EXAMINATION - JUN 2023**

Semester : Semester II - 2022
Course Code : BCL2008
Course Name : Sem II - BCL2008 - Corporate Accounting
Program : BCL

Date : 14-JUN-2023
Time : 1.00PM - 4.00PM
Max Marks : 100
Weightage : 50%

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Scientific and non-programmable calculator are permitted.
- (iii) Do not write any information on the question paper other than Roll Number.

ANSWER ALL THE QUESTIONS

(10 X 10 = 100M)

1. Following is the balance sheet of Fast Grow Ltd as on 31st March 2023.

Liabilities	Amount	Assets	Amount
Capital : 3,000 Shares of Rs.100 each	3,00,000	Fixed Assets: Land and Buildings	1,50,000
General Reserve	50,000	Machinery	1,00,000
Profit and Loss Account	25,000	Investments at Cost (Market value is Rs.40,000)	45,000
Creditors	40,000	Debtors	1,00,000
Provision for taxation	20,000	Stock	40,000
Provident Fund	10,000	Cash	10,000
	4,45,000		4,45,000

Additional information:

- a) Goodwill is taken at Rs.50,000
 - b) Depreciate machinery at 10% and increase Land and Buildings to Rs.1,80,000
 - c) Provide 8% for towards Bad debts
 - d) 20% is the normal rate of dividend declared by similar type of business on their paid up capital, however the company could declare only 18% dividend for the current year.
- Calculate the intrinsic value of Shares of the company.

(CO5) [Comprehension]

2. Mention the Headings of the below items in Balance Sheet :

- a. Bills Receivables
- b. Bank Over draft
- c. Bills Payable
- d. Cash in Hand
- e. Machinery
- f. Workmens Compensation
- g. General Reserve
- h. Investments
- i. Equity Shares
- j. Provision for Taxation.

(CO4) [Application]

3. A Company was incorporated on 1st May, 2022 to take over a business from the Preceding 1st January. The accounts were made up to 31st December, 2022 as usual and the Trading and profit and loss account gave the following result:

Particulars	Amount	Particulars	Amount
To Opening Stock	1,40,000	By Sales	12,00,000
To Purchases	9,10,000	By Closing Stock	1,50,000
To Gross Profit c/d	3,00,000		
	13,50,000		13,50,000
To Rent, rates & Insurance	18,000	By Gross Profit b/d	3,00,000
To Director's fees	20,000		
To Salaries	51,000		
To Office Expenses	48,000		
To Travellers Commission	12,000		
To Discounts	15,000		
To Bad debts	3,000		
To Audit fees	8,500		
To Depreciation	6,000		
To Debenture interest	4,500		
To Net Profit	1,14,000		
	3,00,000		3,00,000

It is ascertained that the sales for November and December are one and half times the average of those for the year, whilst those for February and April are only half the average, all the remaining months having average sales. Apportion the year profit between the pre and post incorporation periods.

(CO3) [Application]

4. Popular Ltd issued 40,000 shares of Rs.10 each for Public Subscription. The issue was underwritten as follows: Sriram – 25%, Raghu-30%, Tilak-25% the company received a total of 28,000 applications of which marked application are follows: Sriram -8,000, Raghu-6,000 and Tilak-8,000. Determine the net liability of each underwriter.

(CO2) [Comprehension]

5. Honda Limited issued 10,000 equity shares of 100 each payable as follows: Rs. 20 on application, Rs. 30 on allotment, Rs. 20 on first call and Rs. 30 on second and final calls 10,000 shares were applied for and allotted. All money due was received with the exception of both calls on 300 shares held by Supriya. These shares were forfeited. Give necessary journal entries.

(CO1) [Comprehension]

6. Prepare the Profit and Loss Account for the year ending 31/03/2023 from the following information: XYZ Company earns a revenue of Rs. 100000 when the cost of good sold is Rs. 60000. Along with this, the company generates income from selling waste material worth Rs. 9000 and interest income Rs. 4000. On the expense side the company incurs expenditure on rent Rs. 5500, wages Rs. 15000, depreciation Rs. 7700 and power expenses Rs. 9000.

(CO4) [Comprehension]

7. Explain the Process of Valuation of shares under Intrinsic value method and Yield Value Method.
(CO4,CO5) [Application]

8. Following are the particulars of Prakash Ltd

Particulars	Amount
Fixed Assets	3,00,000
Current Assets	3,00,000
30,000 equity shares of Rs.10 each	3,00,000
2,000 , 6% Preference shares of Rs.100 each	2,00,000
Depreciation Fund	20,000
Current Liabilities	80,000

Additional Info :

- The Market value of Fixed Assets are 10% more than the book value and that of Current assets are 4% less than the book value
- Unrecorded Liabilities are amounted to Rs.2000
- Assume that Preference shares has no Priority either as to dividend or repayment .
- Calculate the Intrinsic value of shares in Prakash Ltd.

(CO5) [Comprehension]

9. Where do you show the following items under Pre and Post incorporation P& L Account and on the basis of which ratio:

- a. Bad debts realized of Previous year
- b. Directors fees
- c. Audit fee
- d. Gross profit
- e. Preliminary expenses
- f. Rent
- g. Depreciation
- h. Underwriting commission
- i. Salaries
- j. Printing and stationery

(CO5) [Comprehension]

10. a) Expand :
COGS
CDT
- b) What is Cash Flow Statement?
 - c) Give two Examples for Employee benefit expenses
 - d) What are Final accounts of a Company?
 - e) State any two statements to be prepared by the Company mandatorily as per Companies Act, 2013

(CO4) [Comprehension]