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**Presidency University**

**Bengaluru**

**SCHOOL OFMANAGEMENT**

**ENDTERM EXAMINATION – JUN 2023**

**Winter Semester**: 2022-23

**Course Code**: COM2008

**Course Name**: Corporate Accounting

**Program &Sem**:BBA, BAV,BCM & BCH

**Date**: 14.06.2023

**Time**: 01.00 PM – 04.00 PM

**Max Marks**: 100

**Weightage**:50%

**Date**: June 2022

**Time**:

**Max Marks**: 100

**Weightage**:50%

**Instructions:**

1. *Read the all questions carefully and answer accordingly.*

**Part A [Memory Recall Questions]**

**Answer all the Questions. Each question carries 2 marks. (10Qx 2M=20M)**

1. A company issued 1,000 shares, 40% of which is underwritten by Nikhil. Out of 800 applications received, the marked applications are 350. Calculate the net liability of Nikhil. **(C.O.No.2) [Knowledge]**
2. Ramona Ltd., issued 50,000 equity shares which is fully underwritten by Golden. Applications for 40,000 shares were recived by the company. Calculate the gross liability of Golden. **(C.O.No.2) [Knowledge]**
3. TATA Ltd. took over the running business of Air India Ltd. from 1st April 2021, was incorporated on 31st August 2021, and it closed its accounts on 31st March 2022. What is the time ratio for pre-and-post incorporation? **(C.O.No.3) [Knowledge]**
4. Give the meaning for Cumulative Preference Share. **(C.O.No.1) [Knowledge]**
5. What do you mean by Pro-Rata Allotment? **(C.O.No.1) [Knowledge]**
6. Write a formula of Intrinsic Value of share. **(C.O.No.4) [Knowledge]**
7. List out any two factors influencing valuation of shares. **(C.O.No.4) [Knowledge]**
8. If the face value of a share is ₹ 10/- and the company call only ₹ 6/- now, then ₹ 4/-. What name is given? **(C.O.No.1) [Knowledge]**
9. What is the percentage of underwriters as per the Act? **(C.O.No.3) [Knowledge]**
10. Define Equity Share. **(C.O.No.1) [Knowledge]**

**Part B [Thought Provoking Questions]**

**Answer all the Questions. Each question carries 10 marks. (4Q x 10M = 40M)**

11. Eastern Company Limited issued 40,000 shares of Rs. 10 each to the public for the subscription out of its share capital, payable as Rs. 4 on application, Rs. 3 on allotment and the balance on First and final call. Applications were received for 40,000 shares. The company made the allotment to the applicants in full. All the amounts due on allotment and first and final call were duly received. Give the journal entries in the books of the company. **(C.O.No.1) [Comprehension]**

12. A Company was incorporated on 30/9/2021 to acquire the business of Mohan as from 1/4/2021. The accounts for the year ended on 31/3/2022 disclosed the following:

a) There was a gross profit of Rs. 2,40,000

b) The sales for the year amounted to Rs. 12,00,000 of which Rs. 5,40,000 were for the first 6 months.

c) The expenses debited to P&L Account included Directors fees Rs. 15,000, Bad Debts Rs. 3,600. Advertising Rs. 12,000 (Under a contract amounting to Rs. 1,000 Per Month). Salaries and general expenses Rs. 64,000, Preliminary Expenses written off Rs. 5,000 and Donation to political party given by the company Rs. 5,000.

Prepare a statement showing the of Profit earned before and after incorporation. **(C.O.No.3) [Comprehension]**

13. Lillies Ltd. issued 1,00,000 equity shares, where the issue was underwritten by 3 underwriters as follows:

 A 40%; B 30%; C 30%

Applications for 60,000 shares were received in all, out of which applications for 20,000 shares had the stamp of A; those for 10,000 shares that of B and those for 20,000 shares that of C. The remaining applications for 10,000 shares did not bear any stamp. Determine the liability of the underwriters. **(C.O.No.2) [Comprehension]**

14. Draft a Balance Sheet Statement according to the companies act 2013. **(C.O.No.5) [Comprehension]**

**Part C [Problem Solving Questions]**

**Answer all the Questions. Each question carries 20 marks. (2Q x 20M = 40M)**

15. Samvith Limited decided to issue 12,000 shares of Rs.100 each payable at Rs.30 on application, Rs.40 on allotment, Rs.20 on first call and balance on second and final call. Applications were received for 13,000 shares. The directors decided to reject application of 1,000 shares and their application money being refunded in full. The allotment money was duly received on all the shares, and all sums due on calls are received except on 100 shares. Pass the necessary Journal Entries in the books of Samvith Limited. **(C.O. No. 1) [Comprehension]**

16. Kaveri Ltd. was incorporated on 31.07.2016 to take over the running business of M/s. Saveri Bros. with effect from 01.04.2016. From the following details for the year ended 31.03.2017, prepare a statement showing profit or loss made during pre and post incorporation periods:

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Amount (**₹) | **Particulars** | **Amount (**₹) |
| Gross Profit | 3,00,000 | Underwriting commission | 20,000 |
| Salaries | 48,000 | Insurance premium paid | 12,000 |
| Advertising | 6,000 | Interest on loans taken | 14,000 |
| Commission to Partners | 8,000 | Depreciation | 18,000 |
| Carriage outward | 16,000 | Provision for doubtful debts | 6,000 |

**The following data is available:**

1. Average monthly sales during the first four months of the year was twice the average monthly sales during each of the remaining months.
2. Commission to the partners was paid for their work before incorporation
3. Salaries include salary paid to a director of the company ₹ 6000. **(C.O.No.3) [Application]**