

Roll No



**PRESIDENCY UNIVERSITY
BENGALURU**

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

Semester : Semester II - 2022

Course Code : COM2008

Course Name : Sem II - COM2008 - Corporate Accounting

Program : BAV,BBA,BCH&BCM

Date : 14-JUN-2023

Time : 1.00PM - 4.00PM

Max Marks : 100

Weightage : 50%

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Question paper consists of 3 parts.
- (iii) Scientific and non-programmable calculator are permitted.
- (iv) Do not write any information on the question paper other than Roll Number.

PART A

ANSWER ALL THE FOLLOWING QUESTIONS

10 X 2 = 20M

1. Give two Examples for Employee benefit expenses .
(CO5) [Knowledge]
2. What is the commission applicable on shares and debentures as per the provisions.
(CO2) [Knowledge]
3. What is valuation of Shares?
(CO4) [Knowledge]
4. Give the entry for forfeiture of Shares.
(CO1) [Knowledge]
5. How do you Calculate Intrinsic Value of Shares?
(CO4) [Comprehension]
6. What is Oversubscription of Shares ?
(CO1) [Comprehension]
7. How do you calculate sales ratio?
(CO3) [Knowledge]
8. Who is called as Underwriter?
(CO2) [Comprehension]
9. What is Revised Time Ratio?
(CO3) [Comprehension]

10. What is Cash Flow Statement?

(CO5) [Comprehension]

PART B

ANSWER ALL THE FOLLOWING QUESTIONS

4 X 10 = 40M

11. 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) [Comprehension]

12. Following are the Particulars of XYZ Limited

Equity Shares of Rs.10 Each	Rs.4,00,000
5% Debentures	Rs.1,00,000
Current Liabilities	Rs.1,30,000
Current Assets	Rs.2,00,000
Fixed Assets	Rs.5,50,000
Goodwill	Rs.50,000

The Profits for the last three years were Rs.,51600, Rs.52,000 and Rs.51,650 respectively, 20% is transferred to reserve .Compute the value of shares under :

- Net Assets Method
- Yield Method

(NRR to be assumed at 10%)

(CO4) [Comprehension]

13. K Limited registered with an authorised equity capital of Rs. 2,00,000 divided into 2,000 shares of Rs. 100 each, issued for subscription of 1,000 shares payable at Rs. 25 per share on application, Rs. 30 per share on allotment, Rs. 20 per share on first call and the balance as and when required. Application money on 1,000 shares was duly received and allotment was made to them. The allotment amount was received in full, but when the first call was made, one shareholder failed to pay the amount on 100 shares held by him and another shareholder with 50 shares, paid the entire amount on his shares. The company did not make any other call. Give the necessary journal entries in the books of the company to record these share capital transactions.

(CO2) [Comprehension]

14. Draft the Specimen of Balance Sheet as per Companies act of 2013.

(CO5) [Comprehension]

PART C

ANSWER ALL THE FOLLOWING QUESTIONS

2 X 20 = 40M

15. Nischal Ltd 2,50,000 shares of Rs.10each which was underwritten as follows: Mr. A 75,000 (firm underwriting -8,000) Mr.B – 62,500 (firm underwriting - 12,000) Mr.C – 62,500 (firm underwriting -Nil), Mr.D-50,000 (firm underwriting -30,000). The total applications excluding firm underwriting but including marked applications were for 1,80,000 shares. The marked applications were as follows ; Mr.A-40,000 ; Mr.B -36,000 ; Mr.C-24,000 & Mr.D-48,000.

Calculate the Net liability of each underwriter treating

(a) Firm underwriter as marked applications

(10M)

(b) Firm underwriter as unmarked applications.

(10M)

(CO1,CO2) [Comprehension]

16. Shankar Pvt Ltd Co took over the business of Shankar on 1-4-2021 and it was incorporated on 1-7-2021. The Profit and Loss Account of Shankar Pvt Ltd on 31-03-2022.

Particulars	Amount	Particulars	Amount
To Commission(Sales)	2,625	By Gross Profit	98,000
To Advertising	5,250	By Bad Debts Recovered	500
To MDs Remuneration	9,000		
To Depreciation	2,800		
To Salaries	18,000		
To Insurance	600		
To Preliminary Expenses written off	700		
To Rent and Taxes	3,000		
To Discount	350		
To Bad Debts	1,250		
To Net Profit	54,925		
	98,500		98,500

Further Details:

a) The average monthly sales after incorporation was twice the average monthly sales before.

b) Rent, which was paid for the first three months at Rs.200 per month, increased by Rs.50 per month for the balance of the period .

c) Bad debts of Rs.350 related only to the period after 1-9-2021 and the balance related to the sales made up to 1-9-2021.

d) The bad debts realized belonged to the Bad debts which were written off in 2020-21.

Find out the Profits before and after incorporation.

(CO4,CO3) [Application]