



PRESIDENCY UNIVERSITY,
BENGALURU

SCHOOL OF LAW

MID TERM EXAMINATION

Odd Semester: 2018-19

Course Code: BCL 103

Course Name: Corporate Accounting

Branch & Sem: B.Com., LL.B. (Hons.) III

Date: 22 October 2018

Time: 2 Hours

Max Marks: 60

Weightage: 30%

Instructions:

- (i) *Calculator is allowed*

Part A

Answer **all** the Questions. **Each** question carries **two** marks. (10x2=20)

1. According to the companies act what is a book of accounts.
2. How many types of companies are there in the companies act?
3. What are the differences between share and stock?
4. What are the Differences between Public and Private Company?
5. What is sweat equity? Explain it.
6. According to SEBI rule what is the ceiling of managerial remuneration.
7. What are the modes of issue of shares as per SEBI rule?
8. What is over subscription of shares? Explain it properly.
9. What is under subscription of shares? Explain it properly.
10. What is share premium? Explain it.

Part B

Answer **all** the Questions. **Each** question carries **five** marks. (4x5=20)

11. ITC company has 2,00,000 authorised share of ₹ 10 each. Company issued another 1,00,000 share of ₹ 10 each and ₹ 8 was called up. The public subscribed 90,000 share of ₹ 10 each and ₹ 8 was paid up. Underwritter allotted 10,000 shares at ₹ 6 each. Calculate:
 - a. Authorized capital
 - b. Issued capital
 - c. Subscribed capital
 - d. Called up capital
 - e. Paid up share capital

12. Y Ltd. Purchased assets of ₹ 3,00,000 from Z Ltd. It issued shares of ₹ 1 each fully paid in. What entries will be made in the book of L&T if the shares are issued at a premium of 10%?
13. As a director of a company you had invited applications for 30,000 equity shares of ₹ 10 each at a premium of ₹ 2 each. The total application money received at ₹ 2 per share was ₹ 72000. Name the kind of subscription. Name the three alternatives for allotting these shares.
14. How many types of capital are there? Explain each of them

Part C

Answer **all** the Questions. **Each** Question carries **ten** marks. (2x10=20)

15. A company purchased a running business from M/s Maheshwari Brothers for a sum of ₹ 1,50,000, payable as ₹ 1,20,000 in fully paid shares of ₹ 10 each and balance in cash. The assets and liabilities consisted of the following:

Plant and Machinery	₹ 40,000	Stock	₹ 40,000
Building	₹ 40,000	Cash	₹ 30,000
Sundry Debtors	₹ 30,000	Sundry Creditors	₹ 20,000

Simultaneously, the company also decided to remunerate promoters for getting the formalities completed for the formation of the company and providing technical services after that, by issuing fully paid shares and goodwill of ₹ 10,000 and ₹ 20,000 respectively.

You are required to pass the necessary journal entries in the company's book.

16. Face value of a company's share is ₹ 1. It granted 100,000 employee stock option at ₹ 70, when the market price was ₹ 150. The options were to be exercised within one year. The employees, exercised their options for all shares. Show the journal entries of employee stock option plan.



Roll No

**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF LAW

END TERM FINAL EXAMINATION

Odd Semester: 2018-19

Course Code: BCL 103

Course Name: Corporate Accounting

Programme & Sem: BBA., LL.B. (Hons.) & VII

Date: 27 December 2018

Time: 2 Hours

Max Marks: 80

Weightage: 40%

Instructions:

- (i) **Students will bring their own calculator.**
- (ii) **Calculator can not be shared**

Part A

Answer **all** the Questions. **Each** question carries **five** marks.

(4Qx5M=20)

1. What is restructuring of a company? How many types of restructuring are there? Explain each of them.
2. What is reduction of share capital? Explain properly.
3. What are the differences between share and debenture?
4. What are the sources of fund for redemption of debenture? Explain each of them.

Part B

Answer **all** the Questions. **Each** question carries **ten** marks.

(4Qx10M=40)

5. The producers (India) Limited issued a prospectus offering 1000 equity shares of ₹ 10 each on the following terms:

Payable on application	₹ 2 per share
Payable on allotment	₹ 4 per share
Payable on first call	₹ 2 per share
Payable on second and final call	₹ 2 per share

The issue was fully subscribed and allotment was made accordingly. Assume that all the payments were duly received. Journalise the above transactions in the books of the producers (India) Limited
6. The Pragan Ltd. issued 12,000 equity shares of ₹ 10 each payable as

On application	₹ 2
On allotment	₹ 5
On first and final call	₹ 3

15000 applications were received. 3000 applications were refused and to allot all the shares to the remaining applicants. All money due received on allotment and first and final call except on 500 shares, which were allotted to Mr. Ram. Pass the necessary journal entries in the books of company.

7. A company has a share capital of 1000 equity shares of Rs. 100 each but having a market value of Rs. 150 each. The company needs additional capital of Rs. 50,000. It offers 500 shares of Rs. 100 each. What will be devaluation of the share?
8. A company after a series of trading losses, resolved to reduce its capital of 8000 shares of ₹10 each fully to 8000 shares of ₹5 each fully paid.

The balance sheet of the company prior to reduction of capital was as given below:

Liabilities		Assets	
Authorized and issued capital 8000 shares of ₹10 each fully paid	80000	Goodwill A/C	15000
Security premium A/C	4000	Free hold property A/C	8000
Sundry Creditors	17000	Plant and Machinery A/C	14000
		Stock A/C	21000
		Sundry Debtors A/C	17000
		Cash A/C	3000
		Profit and Loss A/C	23000
	101000		101000

It was resolved to eliminate the securities premium account and to allocate the amount then available upon reduction of capital in the order given below

- a. The write-off the debit of profit and loss account.
 - b. To write-off the entire value of goodwill.
 - c. To reduce the value of the plant and machinery by ₹2000.
 - d. Value of stock to be reduced up to ₹18600
 - e. Any available balance to be used for reducing book value of the freehold property.
- You are required to give the journal entries necessary to give effect of the above and to show the balance sheet of the company after reduction of capital.

Part C

Answer **both** the Questions. **Each** question carries **ten** marks.

(2Qx10M=20)

9. How many types of values of a company are there? Explain each of them. What are their requirements?
10. What is financial statement of a company? What does it contain? What are the statutory requirement of these?