



**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

**B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION**

**FOURTH SEMESTER – APRIL 2022**

**16/17/18UBU4ES01 – CORPORATE ACCOUNTING**

Date: 23-06-2022

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

**PART – A**

**Q. No Answer ALL questions**

**(10 x 2 = 20 Marks)**

1. What is meant by revenue from operations?
2. Define the term 'Dividend'.
3. What is cash from investing activities?
4. What do you mean by firm underwriting?
5. What do you mean by minimum new issue of shares?
6. What is a 'Sinking fund'?
7. How do you calculate time ratio?
8. Senthil issued 30,000 equity shares of Rs.100 each. 75% of the issue was underwritten by Kumar. Application for 21,000 shares was received in all by the company. Determine the liability of Kumar.
9. ABC Ltd, issued 1,000 8% debentures of Rs.100 each. Give journal entries, if the debentures were issued at par, redeemable at par.
10. Ganesh Ltd., was incorporated on 1<sup>st</sup> May 2021 to purchase the running business of Jayash & Co. With effect from 1<sup>st</sup> January 2021. The company obtained certificate a of commencement of business on 24<sup>th</sup> August 2021. Calculate the time ratio, if the accounts were finalised on 31<sup>st</sup> December 2021.

**PART – B**

**Answer any FOUR questions**

**(4 x 10 = 40 Marks)**

11. Briefly explain the different types of underwriting.
12. Explain the different methods of redemption of debentures.
13. Define 'Share' and explain its types.
14. The following ledger balances were extracted from the books of Ram Ltd.as on 31<sup>st</sup> March 2021.  
Land & Building Rs. 2,00,000; 12% Debentures Rs.2,00,000; Share capital Rs.10,00,000 (equity shares of Rs.10 each fully paid up); Plant & Machinery Rs.8,00,000; Goodwill Rs.2,00,000; Investment in shares of Raja Ltd Rs. 2,00,000; General reserve Rs.1,95,000; Stock in trade Rs.1,00,000; Bills receivable Rs.50,000; Debtors Rs.1,50,000; Creditors Rs.1,00,000; Bank loan (Unsecured) Rs. 1,00,000; Provision for tax Rs. 50,000; Proposed dividend Rs.55,000. Prepare the Balance sheet of the company as per Revised Schedule VI, Part 1 of the Companies Act 1956.

15. Raman Limited made an issue of 60,000 shares which were underwritten as follows:  
 'X' – 30,000 shares; 'Y' – 18,000 shares and 'Z' – 12,000 shares  
 In addition, there was Firm underwriting as follows:  
 'X' – 3,000 shares; 'Y' – 1,500 shares and 'Z' – 4,500 shares.  
 The total subscriptions including Firm underwriting were for 45,600 shares. The following marked forms were included in the subscriptions.  
 'X' – 9,000 shares; 'Y' – 13,500 shares and 'Z' – 5,100 shares. Show the allocation of liabilities of each underwriter
- If the benefit of 'firm' underwriting applications is given to individual underwriters by treating them like 'Marked forms.
  - If the benefit of 'firm' underwriting applications is not given to individual underwriters by treating them like 'Un Marked forms.

16. From the following particulars, ascertain profit prior to and after incorporation.
- Time Ratio – 3:5
  - Sales Ratio – 4:6
  - Gross Profit – Rs. 10,00,000
  - Expenses debited to Profit and Loss A/c were:

	Rs.
Salaries	96,000
General expenses	12,000
Discount on sales	40,000
Advertisement	50,000
Preliminary expenses	70,000
Rent and Rates	15,000
Printing and Stationary	65,000

- e. Incomes credited to Profit and Loss account were:

	Rs.
Rent received	18,000
Interest received	50,000

17. Compute cash from operating activities from the following figures. Profit for the year 2020 is a sum of Rs.10,000 after providing for depreciation of Rs. 2,000.

Particulars	31 <sup>st</sup> December 2019	31 <sup>st</sup> December 2020
Sundry debtors	10,000	11,000
Provision for doubtful debts	1,000	1,200
Bills receivable	4,000	3,000
Bills Payable	5,000	6,000
Sundry creditors	8,000	9,000
Inventories	5,000	8,000
Trade investments	10,000	12,000

**PART – C**

**Answer any TWO questions**

**(2 x 20 = 40 Marks)**

18. Following are the comparative balance sheet of a company for the year 2019 and 2020 as follows:

<b>Liabilities</b>	<b>2019</b>	<b>2020</b>	<b>Assets</b>	<b>2019</b>	<b>2020</b>
Share capital	70,000	74,000	Cash	9,000	7,800
Debentures	12,000	6,000	Debtors	14,900	17,700
Trade Creditors	10,360	11,840	Stock	49,200	42,700
Prov. For doubtful debts	700	800	Goodwill	10,000	5,000
Profit and loss a/c	10,040	10,560	Land	20,000	30,000
	<b>1,03,100</b>	<b>1,03,200</b>		<b>1,03,100</b>	<b>1,03,200</b>

**Additional information:**

- a. Dividends were paid: Rs.3,500
  - b. Land was purchased for Rs.10,000 and the amount provided for amortization of goodwill totaled Rs. 5,000
  - c. Debenture loan was repaid Rs.6,000
- You are required to prepare a Cash Flow Statement.

19. Sachin Co. Ltd was incorporated on May 1, 2018 to take over the business of Ramesh Co. Ltd as a going concern from January 1, 2018. The profit and loss account for the year ending December 31, 2018 was as follows:

Profit and loss Account of Sachin Co. Ltd, for the year ended 31<sup>st</sup> December 2018

<b>Particulars</b>	<b>Rs.</b>	<b>Particulars</b>	<b>Rs.</b>
To Rent & Taxes	12,000	By Trading Account (Gross Profit)	1,55,000
To Insurance	3,000		
To Electricity charges	2,400		
To Salaries	36,000		
To Directors' fees	3,000		
To Auditors' fees	1,600		
To Commission	6,000		
To Advertisement	4,000		
To Discount	3,500		
To office expenses	7,500		
To Carriage	3,000		
To Bank charges	1,500		
To Preliminary expenses	6,500		
To Bad debts	2,000		
To Interest on Loan	3,000		
To Net profit	60,000		
	<b>1,55,000</b>		<b>1,55,000</b>

**Additional Information:**

The total turnover for the year ending December 31, 2018 was Rs.5,00,000 divided into Rs. 1,50,000 for the period up to May 1, 2018 and Rs. 3,50,000 for the remaining period. Prepare the Statement of Profit and Loss Account of Sachin Co. Ltd for the year ended 31<sup>st</sup> December 2018

20. MSDC has a nominal capital of Rs.6,00,000 divided into shares of Rs.10 each. The following Trail Balance is extracted from the books of the company as on 31.12.2012.

Particulars	Rs.	Particulars	Rs.
Calls in arrear	7,500	6% Debentures	3,00,000
Premises (Rs.60,000 added on 1.7.2012)	3,60,000	P&L A/c (1.1.2012)	14,500
Machinery	3,00,000	Creditors	50,000
Interim dividend paid	7,500	General Reserve	25,000
Purchases	1,85,000	Share Capital (Called up)	4,60,000
Preliminary Expenses	5,000	Bills Payable	38,000
Freight	13,100	Sales	4,15,000
Director's fees	5,740	Provision for bad debts	3,500
Bad debts	2,110		
4% Govt. Securities	60,000		
Stock (1.1.2012)	75,000		
Furniture	7,200		
Sundry Debtors	87,000		
Goodwill	25,000		
Cash	750		
Bank	39,900		
Wages	84,800		
General Expenses	16,900		
Salaries	14,500		
Debenture Interest	9,000		
	<b>13,06,000</b>		<b>13,06,000</b>

Prepare final accounts of the company for the year ending 31.12.2012 in the prescribed form after taking into consideration the following:

- Depreciate machinery by 10% and furniture by 5%.
- Write off half of preliminary expenses.
- Wages include Rs.10,000 paid for construction of compound wall to the premises and no adjustment was made.
- Provide 5% for bad and doubtful debts.
- Transfer Rs.10,000 to general reserve
- Provide for income tax Rs. 25,000
- Stock on 31.12.2012 was Rs.1,01,000.

21. Explain in detail the types of debentures.

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