



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

FOURTH SEMESTER – APRIL 2023

16/17/18UBU4ES01 – CORPORATE ACCOUNTING

Date: 06-05-2023

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 State any two items that appear under finance costs.
- 3 What is cash from investing activities?
- 4 Write a short note on underwriting.
- 5 What do you mean by a minimum new issue of shares?
- 6 What are convertible debentures?
- 7 How do you calculate time ratio?
- 8 Sachin, a small-scale industrialist decided to convert his firm into a limited company with effect from 1st April 2016. But he obtained the certificate of incorporation on 1st August 2016 and the certificate to commence business on 1st October 2016. His accounts were closed on 31st December 2016. Calculate the time ratio.
- 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 Ram Ltd., Issued 1,20,000 preference shares of Rs.10 each. The whole issue was underwritten by Mr. Sarath for the maximum commission permitted by law, and an application for 1,00,000 shares was received in all. Determine the net liability of Mr. Sarath and the commission payable to him.

PART – B

Answer any FOUR Questions

(4 x 10 = 40 Marks)

- 11 Explain different types of debentures.
- 12 Briefly explain the different types of underwriting.
- 13 Explain the different methods of redemption of debentures.
- 14 Following balances have been extracted from the books of Rama Ltd. On 31st March 2014:
Equity share capital (1,00,000 shares of Rs.10 each) Rs. 10,00,000; Securities Premium Rs. 2,00,000; 12 % Debentures Rs. 5,00,000; Creditors Rs.2,00,000; Proposed dividend Rs. 50,000; Surplus, i.e Balance in statement of profit and loss (Debit) Rs. 50,000; Land and Buildings Rs.9,00,000; Government Bonds Rs. 5,00,000; Capital work-in-progress(Buildings) Rs.3,50,000; and Discount on issue of 12% Debentures Rs. 1,00,000; cash at bank Rs.50,000; Furniture Rs.60,000; Debtors Rs. 20,000.
Debenture were issued on 1st April 2013 redeemable after 5 years, i.e., on 31st March, 2017.
Surplus, i.e., Balance in statement of profit and loss is before writing off Discount on issue of Debentures.
Prepare the balance sheet of the company as per revised schedule VI, part I of the Companies Act,

1956.

- 15 Superpower 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 'UnMarked forms'.
- 16 A Company was incorporated on 1st May 2016 to take over a business as a going concern from 1st January of the same year. The turnover for the year ended 31st December was Rs. 2,00,000 namely Rs. 60,000 for the first period upto 1st May and Rs. 1,40,000 for the following period. From the profit and loss account given below for the year ended 31st December 2016, you are required to ascertain profits prior to incorporation.

Profit & Loss Account for the year ended 31st December 2016

Particulars	Rs.	Particulars	Rs.
To Rent & Rates	3,240	By Gross Profit	70,000
To Insurance	720		
To Lighting	2,040		
To Salaries	7,800		
To Directors' fees	2,000		
To Sales Discount	5,000		
To Sales Commission	10,000		
To General Expenses	2,400		
To Carriage outwards	3,000		
To Bank Charges	420		
To Repairs	1,380		
To Bad Debts	600		
To Loan Interest	1,200		
To Net profit	30,200		
	70,000		70,000

- 17 Compute cash from operating activities from the following figures. Profits for the year 2016 is a sum of Rs.12,460 after providing for depreciation of Rs. 2,492.

Particulars	31st December 2015	31st December 2016
Sundry debtors	12,460	13,706
Provision for doubtful debts	1,246	1,495
Bills receivable	4,984	3,738
Bills Payable	6,230	7,476
Sundry creditors	9,968	11,214
Inventories	6,230	9,968
Trade investments	12,460	14,952

PART – C

Answer any TWO Questions

(2 x 20 = 40 Marks)

- 18 A Ltd., was registered with authorized capital of Rs.6,00,000 in equity shares of Rs.10 each. The following is its trail balance on 31st march 2016.

Trial Balances of 'A'.Ltd.

Particulars	Debit	Particulars	Credit
Goodwill	25,000	Share capital	4,00,000
Cash	750	12% debentures	3,00,000
Bank	39,900	Profit and loss A/c	26,250
Purchases	1,85,000	Sales	4,15,000
Preliminary expenses	5,000	Bills payable	37,000
Calls – in- arrears	7,500	Provision for Bad Debts	3,500
Premises	3,00,000	Sundry creditors	40,000
Plant and machinery	3,30,000	General reserve	25,000
Interim dividend	39,250		
Stock (1-4-2015)	75,000		
Furniture & fixtures	7,200		
Sundry debtors	87,000		
Wages	84,865		
General expenses	6,835		
Freight and carriage	13,115		
Salaries	14,500		
Director's fee	5,725		
Bad debts	2,110		
Debenture interest paid	18,000		
	12,46,750		12,46,750

Prepare Statement of Profit & Loss and Balance sheet in proper form after making the following adjustments.

- a. Write off preliminary expenses.
 - b. Provide for 6 months interest on debentures.
 - c. Leave bad and doubtful debts provision at 5% on sundry debtors.
 - d. Provide for income tax at 50%.
 - e. Stock on 31-3-2016 was Rs.95,000.
 - f. Provide for corporate dividend tax at 17%.
 - g. Depreciation on plant and machinery by 15%.
- 19 'Rahul' Co. Ltd was incorporated on May 1, 2018 to take over the business of 'Dravid Co.' 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 'Rahul' Co. Ltd, for the year ended 31st December 2018

Particulars	Rs.	Particulars	Rs.
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		
	1,55,000		1,55,000

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

- 20 Differentiate between Debentures and shares.
- 21 Following are the comparative balance sheet of the company for the years 2016 and 2017 as follows:

Liabilities	2017	2016	Assets	2017	2016
Share capital	1,50,000	1,00,000	Fixed assets	1,50,000	1,00,000
Profit & loss	80,000	50,000	Goodwill	40,000	50,000
General reserve	40,000	30,000	Stock	80,000	30,000
6% debentures	60,000	50,000	Debtors	80,000	50,000
Creditors	40,000	30,000	Bills receivable	20,000	30,000
Outstanding expenses	15,000	10,000	Bank	15,000	10,000
	3,85,000	2,70,000		3,85,000	2,70,000

You are required to prepare a Cash Flow Statement as per Accounting Standards 3.

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