

PC-9805/NJ

F-45/2110

CORPORATE ACCOUNTING-I-304

(Semester-III)

(Syllabus December, 2019)

Time : Three Hours]

[Maximum Marks : 70

Note : Attempt *two* questions each from Section A & B carrying 10 marks each. Attempt any *ten* short answer type questions from Section C carrying 3 mark each.

SECTION—A

- I. Explain the provisions regarding issue of shares at premium. For what purpose share premium account can be used? Explain its accounting treatment in case of equity shares.

II. Following is the balance sheet of PK Ltd. as on 31st March, 2019 :

Equity & Liabilities	Rs.
Preference Share Capital :	
(5,000 shares of Rs. 100 each fully called up)	5,00,000
<i>Less</i> : Final Call of Rs. 20 per share unpaid	<u>(4,000)</u>
	4,96,000
Equity Share Capital :	
60,000 shares of Rs. 10 each fully paid up	6,00,000
P & L	3,00,000
Securities Premium Reserve	30,000
Creditors	<u>54,000</u>
Total	<u>14,80,000</u>
Assets	Rs.
Fixed Assets	12,00,000
Investment	1,00,000
Bank	1,80,000
Total	<u>14,80,000</u>

On 30th June, 2019, the Board of Directors decided to redeem the preference shares at a premium of 10% and sell the investment at its market price of Rs. 80,000. They

also decided to issue sufficient number of equity shares of Rs. 10 each at a premium of Re. 1 per share, required after utilizing the P & L A/c, leaving a balance of Rs. 1,00,000. Premium of redemption is required to set off against securities premium account.

Repayments on redemption were made in full except to one shareholder holding 100 shares who left India.

You are required to show the journal entries and the Balance Sheet of the company after redemption. Assumptions made should be shown in the working.

- III. What are bonus shares? What are sources available for issuing bonus shares? Discuss the SEBI guidelines regarding issue of bonus shares.
- IV. Rishal Foods Ltd. issued 10,00,000 shares of Rs. 10 each. The issue was underwritten by Mehta Bros. for a commission of 5%. Mehta Bros. further arranged with Gupta Bros. for sub-underwriting to the extent of 40% of shares issued for a commission of 3%. The share price of Rs. 10 is payable as follows :

On Application	Rs. 3
On Allotment	Rs. 5
On Call	Rs. 2

The public applied for 7,50,000 shares. Both the underwriter fulfill their obligation. Sub-underwriter is to meet call money himself. Mehta Bros. sold 10,000 shares of Rs. 11 each. At

the end of the year the market price of share was Rs. 10.50 each.

Prepare underwriter account in the books of Mehta Bros.

SECTION—B

V. The following is the Trial Balance of ABC Ltd. as on 31st March, 2019 :

Sr. No.	Particulars	Dr. Rs.	Cr. Rs.
1.	Stock	12,500	
2.	Sales		40,000
3.	Purchases	34,500	
4.	Wages	5,000	
5.	Discount	700	
6.	Salaries	750	
7.	Rent	495	
8.	General Expenses including Insurance	1,705	
9.	Surplus in Statement of Profit and Loss (b/f Profits)		1,503
10.	Dividend Paid	900	
11.	Capital : 1,000 shares of Rs. 10 each		10,000
12.	Debtors and Creditors	3,750	1,750
13.	Machinery	2,900	
14.	Cash in Hand	1,620	
15.	Reserve		11,550
16.	Bad Debts	483	
		65,303	65,303

Prepare Trading and Profit and Loss Account for the year ended 31st March, 2019 and a Balance Sheet on that date after taking into consideration the following :

- (a) Stock Rs. 30,000.
- (b) Purchases include Rs. 500 machinery purchased on 1st October, 2018.
- (c) On 31st March, 2019 goods worth Rs. 3,000 were sold to a customer. He has taken away the goods. But the transaction was not entered in the Sales Book.
- (d) Directors want to provide :
 - (i) 10% Final Dividend.
 - (ii) Income Tax Rs. 3,000.
 - (iii) Reserve Fund Rs. 2,000.

VI. What is Managerial Remuneration? Discuss the provisions regarding Managerial Remuneration. How would you determine the net profit for the calculation of Managerial Remuneration?

VII. H Ltd. acquired 8,000 shares of S Ltd. on 31st March, 2019. The following are the balance sheets of the *two* companies as at 31st March, 2019 :

Liabilities	H Ltd. Rs.	S Ltd. Rs.
Equity Shares of Rs. 100 each	20,00,000	10,00,000
General Reserve	4,00,000	2,00,000
Profit & Loss A/c 31-03-2018	1,00,000	60,000
Profit for the year 2018-19	2,00,000	80,000
Sundry Creditors	2,00,000	1,00,000
Bills Payable	40,000	30,000
	29,40,000	14,70,000
Assets		
Land and Building	6,00,000	3,00,000
Plant & Machinery	5,10,000	6,00,000
Stock	1,50,000	1,00,000
Sundry Debtors	1,00,000	1,20,000
Investment in Shares of S Ltd. at cost	10,00,000	
Bills Receivable	80,000	10,000
Cash and Bank balances	5,00,000	3,40,000
	29,40,000	14,70,000

- (i) Bills Receivable of H Ltd. includes Rs. 10,000 accepted by S Ltd.
- (ii) Sundry Debtors of H Ltd. includes Rs. 50,000 due from S Ltd.

Prepare a Consolidated Balance Sheet of H Ltd. and its subsidiary S Ltd.

VIII. What is profit prior to incorporation? How is it determined?

SECTION—C

(Compulsory Question)

IX. Write brief answers of any *ten* :

- 1. Premium on Redemption.
- 2. DRR.
- 3. Pure Underwriting.
- 4. Sources of Bonus Issue.
- 5. Cost of Control.
- 6. Profit Prior Incorporation.

7. X Ltd. purchased machinery from Y Ltd. for Rs. 1,80,000 payable in fully paid shares. X Ltd. allotted equity shares of Rs. 10 each fully paid in satisfaction of claim by Y Ltd. Show the journal entry if such shares were issued at a premium of 20%.
8. MN Ltd. buys its own debentures Rs. 100, 9% Debentures of the nominal value of Rs. 1,00,000 at Rs. 95 on 30th April, 2019. Record the transaction in the books of MN Ltd. if the quotation is cum-interest. MN Ltd. pays debenture interest half yearly on 30th June and 31st December.
9. JK Ltd. has Rs. 10,00,000 redeemable preference shares as on 1st April, 2019 which will be redeemable on 31st March, 2020 at a premium of 5%. The company decided to issue 5,000 equity shares of Rs. 100 each a premium of 10%. Calculate the amount to be transferred to Capital Redemption Reserve A/c.
10. A company has offered right issue to its existing shareholders. The existing share capital of the company is Rs. 25,00,000. The market price is Rs. 21. The company offers to its shareholders the right to buy 2 shares at Rs. 5.50 each for every 5 shares held. Calculate the Value of Right.

11. Reliance Ltd. issued 1,00,000 shares of Rs. 100 each. 80% of the issue is underwritten by A. Applications were received for 87,500 shares were accepted. Calculate the liability of Underwriter A under the contract.

12. If the amount of share forfeiture on 50 shares is Rs. 1,500. And Discount on reissue of 20 shares is Rs. 200. Calculate the amount of profit on reissue and pass the necessary journal entry.

PUNJABI VERSION

ਨੋਟ : ਭਾਗ A ਅਤੇ B ਵਿਚੋਂ ਦੋ-ਦੋ ਪ੍ਰਸ਼ਨ ਕਰੋ। ਹਰੇਕ ਪ੍ਰਸ਼ਨ ਦੇ 10 ਅੰਕ ਹਨ। ਭਾਗ C ਵਿਚਲੇ ਕੋਈ ਦਸ ਸੰਖੇਪ ਉੱਤਰ ਵਾਲੇ ਪ੍ਰਸ਼ਨ ਕਰੋ। ਹਰੇਕ ਪ੍ਰਸ਼ਨ ਦੇ 3 ਅੰਕ ਹਨ।

ਭਾਗ—A

- I. ਸ਼ੇਅਰਾਂ ਨੂੰ ਪ੍ਰੀਮੀਅਮ ਤੇ ਜਾਰੀ ਕਰਨ ਸਬੰਧੀ ਵਿਵਸਥਾਵਾਂ ਦੀ ਚਰਚਾ ਕਰੋ। ਸ਼ੇਅਰ ਪ੍ਰੀਮੀਅਮ ਖਾਤਾ ਕਿਸੇ ਮਨੋਰਥ ਲਈ ਵਰਤਿਆ ਜਾ ਸਕਦਾ ਹੈ? ਈਕੁਇਟੀ ਸ਼ੇਅਰਾਂ ਦੀ ਹਾਲਤ ਵਿਚ ਇਸ ਦਾ ਲੇਖਾਕਾਰੀ ਟਰੀਟਮੈਂਟ ਵਿਚਾਰੋ।
- II. ਨਿਮਨ-ਦਰਜ ਵੇਰਵੇ PK ਲਿਮਿਟਿਡ ਦੇ 31 ਮਾਰਚ, 2019 ਨਾਲ ਸਬੰਧਤ ਹਨ। ਅਧਿਐਨ ਕਰਕੇ ਲੋੜੀਂਦੀ ਕਾਰਵਾਈ ਕਰੋ :

Equity & Liabilities	Rs.
Preference Share Capital :	
(5,000 shares of Rs. 100 each fully called up)	5,00,000
Less : Final Call of Rs. 20 per share unpaid	<u>(4,000)</u>
	4,96,000
Equity Share Capital :	
60,000 shares of Rs. 10 each fully paid up	6,00,000
P & L	3,00,000
Securities Premium Reserve	30,000
Creditors	54,000
Total	<u>14,80,000</u>

Assets	Rs.
Fixed Assets	12,00,000
Investment	1,00,000
Bank	1,80,000
Total	14,80,000

On 30th June, 2019, the Board of Directors decided to redeem the preference shares at a premium of 10% and sell the investment at its market price of Rs. 80,000. They also decided to issue sufficient number of equity shares of Rs. 10 each at a premium of Re. 1 per share, required after utilizing the P & L A/c, leaving a balance of Rs. 1,00,000. Premium of redemption is required to set off against securities premium account.

Repayments on redemption were made in full except to one shareholder holding 100 shares who left India.

You are required to show the journal entries and the Balance Sheet of the company after redemption. Assumptions made should be shown in the working.

- III. ਬੋਨਸ ਸ਼ੇਅਰ ਕੀ ਹੁੰਦੇ ਹਨ? ਬੋਨਸ ਸ਼ੇਅਰ ਜਾਰੀ ਕਰਨ ਲਈ ਕਿਹੜੇ ਸਰੋਤ ਉਪਲਬਧ ਹੁੰਦੇ ਹਨ? ਬੋਨਸ ਸ਼ੇਅਰ ਜਾਰੀ ਕਰਨ ਸਬੰਧੀ SEBI ਦੇ ਮਾਰਗ-ਦਰਸ਼ਨ ਵਿਚਾਰੋ।

IV. ਨਿਮਨ-ਦਰਜ ਵੇਰਵਿਆਂ ਦਾ ਅਧਿਐਨ ਕਰਕੇ ਲੋੜੀਂਦੀ ਕਾਰਵਾਈ ਕਰੋ :

Rishal Foods Ltd. issued 10,00,000 shares of Rs. 10 each. The issue was underwritten by Mehta Bros. for a commission of 5%. Mehta Bros. further arranged with Gupta Bros. for sub-underwriting to the extent of 40% of shares issued for a commission of 3%. The share price of Rs. 10 is payable as follows :

On Application	Rs. 3
On Allotment	Rs. 5
On Call	Rs. 2

The public applied for 7,50,000 shares. Both the underwriter fulfill their obligation. Sub-underwriter is to meet call money himself. Mehta Bros. sold 10,000 shares of Rs. 11 each. At the end of the year the market price of share was Rs. 10.50 each.

Prepare underwriter account in the books of Mehta Bros.

ਭਾਗ—B

V. ਨਿਮਨ-ਦਰਜ ਵੇਰਵੇ ABC ਲਿਮਿਟਿਡ ਦੇ 31 ਮਾਰਚ, 2019 ਦੇ ਟਰਾਇਲ ਬੈਲੈਂਸ ਦੇ ਹਨ। ਅਧਿਐਨ ਕਰਕੇ ਲੋੜੀਂਦੀ ਕਾਰਵਾਈ ਕਰੋ :

Sr. No.	Particulars	Dr. Rs.	Cr. Rs.
1.	Stock	12,500	
2.	Sales		40,000
3.	Purchases	34,500	
4.	Wages	5,000	
5.	Discount	700	
6.	Salaries	750	
7.	Rent	495	
8.	General Expenses including Insurance	1,705	
9.	Surplus in Statement of Profit and Loss (b/f Profits)		1,503
10.	Dividend Paid	900	
11.	Capital : 1,000 shares of Rs. 10 each		10,000
12.	Debtors and Creditors	3,750	1,750
13.	Machinery	2,900	
14.	Cash in Hand	1,620	
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		65,303	65,303

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- (a) Stock Rs. 30,000.
- (b) Purchases include Rs. 500 machinery purchased on 1st October, 2018.
- (c) On 31st March, 2019 goods worth Rs. 3,000 were sold to a customer. He has taken away the goods. But the transaction was not entered in the Sales Book.
- (d) Directors want to provide :
 - (i) 10% Final Dividend.
 - (ii) Income Tax Rs. 3,000.
 - (iii) Reserve Fund Rs. 2,000.

VI. ਪ੍ਰਬੰਧਕੀ ਸੇਵਾਫਲ ਤੋਂ ਕੀ ਭਾਵ ਹੈ? ਪ੍ਰਬੰਧਕੀ ਸੇਵਾਫਲ ਸਬੰਧੀ ਵਿਵਸਥਾਵਾਂ ਵਿਚਾਰੋ। ਤੁਸੀਂ ਪ੍ਰਬੰਧਕੀ ਸੇਵਾਫਲ ਅੰਕਣ ਲਈ ਕੁਲ ਲਾਭ ਕਿਵੇਂ ਪਤਾ ਲਾਓਗੇ?

VII. ਨਿਮਨ-ਦਰਜ ਵੇਰਵਿਆਂ ਦਾ ਅਧਿਐਨ ਕਰਕੇ ਲੋੜੀਂਦੀ ਕਾਰਵਾਈ ਕਰੋ :

H Ltd. acquired 8,000 shares of S Ltd. on 31st March, 2019. The following are the balance sheets of the two companies as at 31st March, 2019 :

Liabilities	H Ltd. Rs.	S Ltd. Rs.
Equity Shares of Rs. 100 each	20,00,000	10,00,000
General Reserve	4,00,000	2,00,000
Profit & Loss A/c 31-03-2018	1,00,000	60,000
Profit for the year 2018-19	2,00,000	80,000
Sundry Creditors	2,00,000	1,00,000
Bills Payable	40,000	30,000
	<u>29,40,000</u>	<u>14,70,000</u>
 Assets		
Land and Building	6,00,000	3,00,000
Plant & Machinery	5,10,000	6,00,000
Stock	1,50,000	1,00,000
Sundry Debtors	1,00,000	1,20,000
Investment in Shares of S Ltd. at cost	10,00,000	
Bills Receivable	80,000	10,000
Cash and Bank balances	5,00,000	3,40,000
	<u>29,40,000</u>	<u>14,70,000</u>

- (i) Bills Receivable of H Ltd. includes Rs. 10,000 accepted by S Ltd.

(ii) Sundry Debtors of H Ltd. includes Rs. 50,000 due from S Ltd.

Prepare a Consolidated Balance Sheet of H Ltd. and its subsidiary S Ltd.

VIII. ਇਨਕਾਰਪੋਰੇਸ਼ਨ ਤੋਂ ਪਹਿਲੇ ਲਾਭ ਤੋਂ ਕੀ ਭਾਵ ਹੈ? ਇਹ ਕਿਵੇਂ ਨਿਰਧਾਰਤ ਕੀਤਾ ਜਾਂਦਾ ਹੈ?

ਭਾਗ—C

(ਲਾਜ਼ਮੀ ਪ੍ਰਸ਼ਨ)

IX. ਕਿਸੇ ਦਸ ਦੇ ਸੰਖੇਪ ਉੱਤਰ ਲਿਖੋ :

1. ਰਿਣ ਮੁਕਤੀ ਉੱਤੇ ਪ੍ਰੀਮੀਅਮ ਤੋਂ ਕੀ ਭਾਵ ਹੈ?
2. DRR ਤੋਂ ਕੀ ਭਾਵ ਹੈ?
3. ਸ਼ੁੱਧ ਅੰਡਰਰਾਈਟਿੰਗ ਕੀ ਹੁੰਦੀ ਹੈ?
4. ਬੋਨਸ ਇਸ਼ੂ ਦੇ ਸਰੋਤ ਵਿਚਾਰੋ।
5. ਨਿਯੰਤਰਣ ਦੀ ਲਾਗਤ ਤੋਂ ਕੀ ਭਾਵ ਹੈ?
6. ਇਨਕਾਰਪੋਰੇਸ਼ਨ ਤੋਂ ਪੂਰਵ ਲਾਭ ਤੋਂ ਕੀ ਭਾਵ ਹੈ?

7. X Ltd. purchased machinery from Y Ltd. for Rs. 1,80,000 payable in fully paid shares. X Ltd. allotted equity shares of Rs. 10 each fully paid in satisfaction of claim by Y Ltd. Show the journal entry if such shares were issued at a premium of 20%.
8. MN Ltd. buys its own debentures Rs. 100. 9% Debentures of the nominal value of Rs. 1,00,000 at Rs. 95 on 30th April, 2019. Record the transaction in the books of MN Ltd. If the quotation is cum-interest. MN Ltd. pays debenture interest half yearly on 30th June and 31st December.
9. JK Ltd. has Rs. 10,00,000 redeemable preference shares as on 1st April, 2019 which will be redeemable on 31st March, 2020 at a premium of 5%. The company decided to issue 5,000 equity shares of Rs. 100 each a premium of 10%. Calculate the amount to be transferred to Capital Redemption Reserve A/c.
10. A company has offered right issue to its existing shareholders. The existing share capital of the company is Rs. 25,00,000. The market price is Rs. 21. The company offers to its shareholders the right to buy 2 shares at Rs. 5.50 each for every 5 shares held. Calculate the Value of Right.

11. Reliance Ltd. issued 1,00,000 shares of Rs. 100 each, 80% of the issue is underwritten by A. Applications were received for 87,500 shares were accepted. Calculate the liability of Underwriter A under the contract.

 12. If the amount of share forfeiture on 50 shares is Rs. 1,500. And Discount on reissue of 20 shares is Rs. 200. Calculate the amount of profit on reissue and pass the necessary journal entry.
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