Registration Number:

Date & session:



**ST JOSEPH’S UNIVERSITY, BENGALURU -27**

**B.Com–II SEMESTER**

**SEMESTER EXAMINATION: APRIL 2024**

**(Examination conducted in May /June 2024)**

**BC2121 / BPS2121- Corporate Accounting I**

**(For current batch students only)**

**Time: 2 Hours Max Marks: 60**

**This paper contains \_\_5\_\_\_ printed pages and four parts**

**Section A**

**I.** Answer ***any five*** of the following (**3 x 5 = 15 marks)**

1. What do you mean by ‘Profit Prior to Incorporation? Give any four expenses charged

only to post incorporation period.

2. What is Property Plant and Equipment as per Ind AS 16? Calculate the amount to be

capitalized from the following information: Repairs and renewals ₹ 6,000, Repairs ₹

4,000, Oil and gas expenses ₹ 5,000, Part of asset replacement ₹ 10,000, Substantial

improvement to Increase efficiency ₹ 4,000.

3 What is Fair value and Net realisable value?

4.What is Financial Cost? Give examples.

5.What is Current Assets and give examples.

6.State any four reasons for valuation of shares.

**Section B**

**II.** Answer ***any two*** of the following (**5 x 2 = 10 marks)**

7. Hanif Ltd. Is a producer of products. It provides the following information:

Product Y – 10,000 units-Cost price ₹ 4per unit

Product Z – 15,000 units-Cost price ₹ 5 per unit

Semi-Finished Product Y- 6,000 units- Cost price ₹ 2 per unit

Estimated selling price:

Product Y – ₹ 4.20, Product Z- ₹ 5.30

Commission to sale is 5% of selling price. Cost incurred for completion of Product Y is

₹ 0.5 per unit. Calculate the value of inventory as per Ind AS 2.

8. Singh Company owns a Pharma business with a year ended on 31st March 2023. Singh

company commenced the development stage of a new drug on 1st July 2022. ₹ 50,000

per month was incurred until the project was completed on 31st December 2022, when

the drug went into immediate production. The directors became confident of the

project’s success on 1st September 2022. The drug has an estimated life span of five

years and time apportionment is used by Singh where applicable. What amount will

Singh charge to profit or loss for development cost, including any amortization, for the

year ended 31st March 2023.

9. Under which main heading and sub-heading will the following items appear in the

Balance Sheet and Statement of Profit and Loss account of a company as per companies

Act 2013.

1. Debentures (Convertible)
2. Sinking Fund
3. Prepaid insurance
4. Work in progress (Building)
5. Stores and spare parts
6. Carriage on sales
7. Interest on Loan (Dr)
8. Commission received
9. Goodwill written off
10. Machinery (5% Depreciation)

**Section C**

**III.** Answer ***any two*** of the following (**10 x 2 = 20 marks)**

10. From the following figures prepare Statement of Profit and Loss for the year ending

31st March 2023

|  |  |  |  |
| --- | --- | --- | --- |
| Discount Allowed | 35,000 | Rent Paid | 6,00,000 |
| Discount Received | 42,000 | Interest on loan | 1,48,000 |
| Stock as on 1/4/2022 | 14,50,000 | Sales | 4,58,00,000 |
| Wages paid | 5,22,000 | Purchases | 2,78,58,000 |
| Salaries | 22,38,000 | Carriage on purchases | 2,03,000 |
| Advertisement | 1,25,000 | Carriage on sales | 1,20,000 |
| Bad Debts | 38,500 | Debtors | 50,00,000 |
| Audit Fees | 1,20,000 | Creditors | 35,00,000 |
| Returns Inwards | 1,50,000 | Returns Outwards | 1,00,000 |
| Sundry Expenses | 1,38,800 | Misc. Incomes | 97,600 |
| Machinery | 10,00,000 | Goodwill | 5,00,000 |

Additional Information

* 1. Stock on 31.3.2023 is ₹ 21,38,400 (Net realizable value being ₹ 22,55,800)
  2. Provision for doubtful debts to be maintained at 10% of Debtors
  3. Provision for discount on creditors is required at 5%
  4. Outstanding salary is ₹1,22,000
  5. Wages prepaid is ₹22,000
  6. Depreciate machinery @ 10% and Goodwill written off ₹50,000
  7. Provide for tax at 40%.

11. MG Ltd., incorporated with an authorised capital of ₹ 1,50,00,000 divided into

1,20,000 equity shares of ₹ 10 each and 3,00,000, 7% preference shares of ₹ 10

each, has prepared its statement of profit and loss for the year ended 31st March

2023, and needs your help in preparing Balance sheet as on that date, with the

following information:

|  |  |
| --- | --- |
| **Particulars** | **₹** |
| Share capital  10% Secured Debentures  Goodwill  Prepaid Insurance  Land  Plant and Machinery (at Cost)  Accumulated depreciation on plant and machinery  Provision for Taxation  General Reserve  Revaluation Reserve  Securities Premium  Balance in statement of profit or loss   * Accumulated * Current year   Outstanding Audit fees  Current Investments  Inventories  Long-term investments  Trade payables  Outstanding power bills  Outstanding Debenture Interest  Cash at Bank and in Hand  Trade Receivables  Provision for doubtful debts | 1,50,00,000  60,00,000  6,00,000  1,80,000  2,40,00,000  1,44,00,000  54,60,000  9,90,000  51,30,000  1,17,60,000  21,00,000  72,60,000  22,50,000  1,20,000  69,30,000  44,00,000  22,00,000  58,50,000  90,000  3,00,000  58,20,000  39,70,000  1,90,000 |

Additional Information:

1. Directors propose a dividend of ₹ 2,40,000 on equity shares.

Prepare Balance Sheet of MG Ltd., as per the provisions of Schedule III of Companies Act 2013.

12. On March 31 2023 the balance sheet of a limited company reveals the following

position:

|  |  |  |  |
| --- | --- | --- | --- |
| **Liabilities** | ₹ | **Assets** | ₹ |
| Equity shares of ₹10 each | 4,00,000 | Fixed assets | 5,00,000 |
| `12Reserves | 90,000 | Current assets | 2,00,000 |
| Profit & Loss A/c | 20,000 | Goodwill | 40,000 |
| 5% Debentures | 1,00,000 |  |  |
| Current liabilities | 1,30,000 |  |  |
|  | **7,40,000** |  | **7,40,000** |

On march 31 2023 the fixed assets were independently valued at ₹3,50,000 and the goodwill at ₹50,000. The net profits for the three years were 2020-21 ₹51,600, 2021-22 ₹52,000 & 2022-23 ₹51,650 of which 20% was placed under reserve this proportion being considered reasonable in the industry in which the company is engaged and where a fair investment return may be taken at 10%. compute the value of the company’s shares by(a) the Net assets method (b) the yield value method.

**Section D**

**III. Answer the following (15marks)**

13. The Deep Ltd was incorporated on 1st August 2022, to take over the running business

of Krishna & Bors with effect from 1st April 2022. The following profit and loss account

was prepared for the year ended 31st March 2023.

|  |  |  |  |
| --- | --- | --- | --- |
| **Particular** | **₹** | **Particulars** | **₹** |
| To Office salaries  To Advertisement  To Printing and Stationery  To Travelling Expenses  To Office Rent  To Electricity Charges  To Auditors Charges  To Directors Fees  To Bad Debts  To Commission on sales  To Preliminary Expenses  To Debenture Interest  To Interest on capital  To Depreciation  To Net Profit  **Total** | 21,000  4,400  1,500  4,000  9,600  900  600  1,000  1,200  4,000  700  1,800  7,600  2,100  20600  **81,000** | By Gross Profit b/d  By Share Transfer Fees  **Total** | 80,000  1,000  **81,000** |

Additional Information:

1. Total sales for the year, which amounted to ₹ 8,00,000 arose evenly up to 30th September 2022, thereafter they recorded an increase of 2/3rd during the remaining period.
2. Office rent was paid at ₹ 8,400 p.a up to 30th September 2022 and thereafter it was paid at ₹ 10,800 p.a.
3. Travelling expenses include ₹ 1,600 towards sales promotion.
4. Bad Debts written off – a) A debt of ₹ 400 taken over from the vendor

b) A debt of ₹ 800 in respect of goods sold in September 2022.

e. Depreciation includes ₹ 600 for assets acquired in the post incorporation period.

Show the pre and post incorporation results and also state how the result of pre and post incorporation is dealt with.

Format

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **PART I –BALANCE SHEET** | | | | |
| Name of the Company……………………. |  |  | |  |
| Balance Sheet as at ……………………… |  |  | |  |
| **Particulars** | **Note No.** | **Amount** |
| **(1) ASSETS** |  |  |
| **Non-current assets** |  |  |
| (a) Property, Plant and Equipment |  |  |
| (b) Capital work-in-progress |  |  |
| (c) Investment Property |  |  |
| (d) Goodwill |  |  |
| (e) Other Intangible assets |  |  |
| (f) Intangible assets under evelopment |  |  |
| (g) Biological Assets other than bearer plants |  |  |
| (h) Financial Assets |  |  |
| (i) Investments |  |  |
| (ii) Trade receivables |  |  |
| (iii) Loans |  |  |
| (iv) Others (to be specified) |  |  |
| (i) Deferred tax assets (net) |  |  |
| (j) Other non-current assets |  |  |
| **(2) Current assets** |  |  |
| (a) Inventories |  |  |
| (b) Financial Assets |  |  |
| (i) Investments |  |  |
| (ii) Trade receivables |  |  |
| (iii) Cash and cash equivalents |  |  |
| (iv) Bank balances other than (iii) above |  |  |
| (v) Loans |  |  |
| (vi) Others (to be specified) |  |  |
| (c) Current Tax Assets (Net) |  |  |
| (d) Other current assets |  |  |
| **Total Assets** |  |  |
| **EQUITY AND LIABILITIES** |  |  |
| **Equity** |  |  |
| (a) Equity Share capital |  |  |
| (b) Other Equity |  |  |
| **LIABILITIES** |  |  |
| **Non-current liabilities** |  |  |
| (a) Financial Liabilities |  |  |
| (i) Borrowings |  |  |
| (ii) Trade payables |  |  |
| (iii) Other financial liabilities (other than those specified in item (b), to be specified) |  |  |
| (b) Provisions |  |  |
| (c) Deferred tax liabilities (Net) |  |  |
| (d) Other non-current liabilities |  |  |
| **Current liabilities** |  |  |
| (a) Financial Liabilities |  |  |
| (i) Borrowings |  |  |
| (ii) Trade payables |  |  |
| (iii) Other financial liabilities (other than those specified in item (c) |  |  |
| (b) Other current liabilities |  |  |
| (c) Provisions |  |  |
| (d) Current Tax Liabilities (Net) |  |  |
| **Total Equity and Liabilities** |  |  |