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**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**

**B.COM – II SEMESTER**

**SEMESTER EXAMINATION: April 2019**

**BC / BPS 2118 – Corporate Accounting I**

**Time- 2 ½ hrs Max Marks - 70**

 **This paper contains 5 (FIVE) printed pages and four parts SECTION A**

**Answer any FIVE (5) of the following (5 \* 2 Marks = 10 Marks)**

1. What is Unclaimed Dividend?
2. Define Inventories as per Ind AS 2.
3. List the methods of valuation of shares.
4. Write short note on ‘Purchased Goodwill’.
5. Define Super Profit Method in goodwill calculation.
6. Mr Bean having head office at Bangalore and has a branch at Mumbai. The branch at Mumbai is an independent branch maintaining separate books of account. On 31.3.2018, it was found that the goods dispatched at the head office for Rs 200,000 was received by the branch only to the extent of Rs 150,000. The balance goods are in transit.

What is the accounting entry to be passed by the Mumbai branch for recording goods in transit?

**SECTION B**

**Answer any THREE (3) of the following (3 \* 5 Marks = 15 Marks)**

1. “In determining the cost of inventories, it is appropriate to exclude certain costs and recognise them as expenses in the period in which they are accrued”. Provide examples for such costs as per Indian Accounting Standard 2 ‘valuation of inventories’.
2. Identify main and sub heading of the following items in the balance sheet according to Companies Act 2013.
	1. Prepaid insurance
	2. Debentures
	3. Land and buildings
	4. Bills payable
	5. Calls in arrears
3. Explain the different types of branches.
4. Find the intrinsic value of equity shares of X Ltd.

The Balance Sheet of X Ltd was as follows on 31/3/2011

|  |  |  |  |
| --- | --- | --- | --- |
| **Liabilities** | **Amount** | **Assets** | **Amount** |
| 4000, 6%Preference Shares of Rs.10 each | 40,000 | Buildings | 110,000 |
| 16000 equity shares of Rs.10 each | 160,000 | Machinery | 130,000 |
| Reserve Fund | 100,000 | Patents | 20,000 |
| Profit and Loss A/c | 32,000 | Stock | 56,000 |
| Workmen’s Savings A/c | 30,000 | Sundry Debtors | 80,000 |
| Sundry Creditors | 98,000 | Cash | 52,000 |
|  |  | Preliminary Expenses | 12,000 |
|  | **4,60,000** |  | **4,60,000** |

It was discovered that Machinery was under depreciated by Rs.5,000. Value of Buildings is 1,30,000 and Goodwill is Rs.20,000. Rs.6000 worth of debts are bad. The preference shareholders have priority for capital repayment. Find out the intrinsic value of equity shares.

**SECTION C**

**Answer any TWO (2) of the following (2 \* 15 Marks = 30 Marks)**

1. Write short notes on the following:
	1. Recognition and initial measurement of tangible and intangible assets
	2. Measurement subsequent to initial recognition of tangible and intangible assets
2. Following is the balance sheet of ABC Ltd

|  |  |  |  |
| --- | --- | --- | --- |
| **Liability** | **Amount** | **Assets** | **Amount** |
| 5000 equity share of Rs 100 each | 5,00,000 | Fixed assets | 4,00,000 |
| General reserve | 2,00,000 | 6% government bonds | 1,00,000 |
| Profit and loss account | 1,00,000 | Current assets | 4,00,000 |
| Current liability | 1,00,000 |  |  |
|  | **9,00,000** |  | **9,00,000** |

 **The net profit after tax is follows:**

|  |  |
| --- | --- |
| **Year** | **Amount** |
| 2016 | 1,30,000 |
| 2017 | 1,40,000 |
| 2018 | 1,50,000 |

**Additional information:**

* The normal rate of return is 15%
* The current assets are valued at 4,20,000

**Required:**

Calculate goodwill with

1. Average profit method (3 marks)
2. 3 years purchase of weighted average profit method (5 marks)
3. 4 years of super profit method (5 marks)
4. Capitalization of super profit method (2 marks)
5. Prepare balance sheet as on companies act 2013

The authorized share capital of Excellent Limited consisted of 3,00,000 equity shares of Rs 10 each and 6,000, 8% preference shares of Rs 100 each. Following is the trial balance drawn up on March 31, 2016.

**Trial balance as on 31st March 2016 from the books of Excellent Limited**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Debit** | **Credit** |
| Share capital :3,000, 8% preference shares of Rs 100 each50,000 equity shares of Rs 10 each |  | 3,00,0005,00,000 |
| Copy rights | 25,000 |  |
| Cash and Cash equivalents | 37,500 |  |
| Bills Payable |  | 75,000 |
| Administration expenses | 16,000 |  |
| Audit fee | 17,000 |  |
| Bad debts  | 1,200 |  |
| Rent and rates | 16,725 |  |
| Bills receivable | 64,450 |  |
| Commission received |  | 200 |
| Sales revenue |  | 12,84,670 |
| Directors fees | 20,000 |  |
| Plant and machinery | 7,00,000 |  |
| Furniture and fixtures | 1,75,000 |  |
| Buildings | 10,00,000 |  |
| Stock on 1.4.2016 | 94,500 |  |
| Salaries and wages | 17,495 |  |
| Dividend equalization reserve  |  | 10,000 |
| Profit and loss account 31.3.2015 |  | 10,000 |
| 6% debentures |  | 10,000 |
| Motor vehicle | 5,000 |  |
|  | **2,189,870** | **2,189,870** |

**Additional information**

1. The machinery and furniture deprecated by 10%.
2. Intangible assets value reduced by 8%.
3. Make provision for tax @ 40%.
4. Provide corporate dividend tax.
5. Provide a dividend of 10% on equity share capital.
6. Transfer to debenture redemption reserve Rs 20,000

You are required to prepare Statement of profit and loss account and Balance sheet as per the Companies Act 2013.

**SECTION D**

**COMPULSORY QUESTION (1 \* 15 Marks = 15 Marks)**

1. Prepare branch accounts in the books of Mani traders, head office at Chennai with the following details as on 31st March 2019.

|  |  |  |
| --- | --- | --- |
| **Particulars** | **1.4.2018** | **31.3.2019** |
| Stock at Bangalore branchBranch debtorsPetty cashFurniturePrepaid insuranceRent outstanding  | 20,0008,0001,0004,000300400 | 10,000--------------- |

Chennai Branch sends Rs 160,000 worth of goods to Bangalore Branch and Bangalore branch records cash sales Rs 260,000 and credit sales Rs 80,000. Branch customers returned goods worth Rs 4,000 and branch returned goods to head office worth Rs 2,000.

Chennai head office sent Cheque for the following expenses:

|  |  |
| --- | --- |
|  | Rs |
| RentSalaries (400 per month)Petty cashInsurance (annual up to 30.6.2019)  | 4,2004,8002,0001,200  |

The following details are related to branch debtors

|  |  |
| --- | --- |
|  | Rs |
| Cash received from debtors  | 35,000  |
| Cash paid by debtors direct to HO  | 2,000  |
| Discount allowed to debtors  | 100  |
| Goods returned by debtors  | 2,000  |

Provide 10% depreciation on furniture. Goods costing Rs.5,000 were damaged and a sum of Rs.4,000 was recoverable from the insurance company in full settlement of claim. Commission to branch manager is 10% from the profit of branch after charging such commission.

**Additional information:**

|  |  |
| --- | --- |
| Petty expenses paid by branch  | 1,380  |
| Sale of furniture on 1.10.2018 (book value 950)  | 800  |

**--- End of the question paper ---**

 **BC BPS 2118-A-19**