SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN (AUTONOMOUS)
(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)
Chromepet, Chennai — 600 044.
BCOM.(CS) END SEMESTER EXAMINATION APRIL/NOV - 2021
SEMESTER - III
20UBCCT3005 - Corporate Accounting-I

Total Duration : 3 Hrs		**Total Marks : 75**	
MCQ	: 30 Mins	MCQ	: 15
Descriptive	: 2 Hrs.30 Mins	Descriptive	: 60

Section B

Answer any **SIX** questions $(6 \times 5 = 30$ Marks)

1. MTL Ltd. Invited applications for 20,000 shares of Rs,100 each payable: Rs.25 on application; Rs.35 on allotment; Rs.40 on call. 25,000 shares were applied for. The directors accepted applications for 20,00 shares and rejected the remaining applications. All money due were fully received. Give journal entries and show balance sheet of the company.

2. Briefly explain different types of underwriting.

3. A company purchased Building of the book value of Rs.1,98,000 from another firm. It was agreed that the purchase consideration be paid by issuing 10% debentures of Rs.100 each. Give Journal entries if the debentures have been issued (i) at Par, (ii) at discount of 10 % and (iii) at premium of 10%.

4. The following ledger balances were extracted from the books of Varun Ltd., as on 31.3.2013: 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 I of the Companies Act 1956.

5. Describe the various methods of computing purchase consideration on acquisition of business.

6. Pradeep Ltd. Has taken over the business of Mr. Sandeep and agreed to pay the purchase price as given below:
   (a) 2,800 shares of Rs.50 each fully paid at Rs.60 per share
   (b) Rs.25,000 in 8% preference shares of Rs.100 each issued at premium of 25% and
   (c) Rs.20,000 in cash.

   You are required to compute the amount of purchase consideration payable to Mr.Sandeep.

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7. What is the procedure to be followed for reducing share capital?

8. A firm earned net profits during the last three years as follows:
   I year – Rs.36,000; II year- Rs.40,000; III year – Rs.44,000

   The capital investment of the firm is Rs.1,00,000. A fair return on the capital having regard to the risk involved is 10%.
   Calculate the value of goodwill on the basis of 3 years purchase of super profit.

Section C

Answer any **THREE** questions $(3 \times 10 = 30$ Marks)

9. A Ltd. Invited application for 10,000 shares of Rs.100 each at a discount of 5% payable as follows:
   Rs.25 on application; Rs.34 on allotment; Rs.36 on first & final call. Applications were received for 9,000 shares and all of these were accepted. All money due were received except the first and final call on 100 shares which were forfeited. Of the forfeited shares, 50 shares were reissued at the rate of Rs.90 as fully paid. Show the necessary journal entries in the books of the company.

10. Samy Ltd., issued 6% debentures for Rs.12,00,000 on 1.1.94. It was provided in the debenture trust deed that the debentures are repayable at the end of 1996 with a premium of 10%.
    A sinking fund was set up to provide cash for redemption on the due date. The amounts set aside annually are to be invested in 5% government bonds. Sinking fund tables show that 0.31720856 at 5% compound interest in 3 years will become Re.1.
    You are required to write ledger accounts for all the 3 years in the company's books. Calculations may be made to the nearest rupee.

11. Moon and Star Co.Ltd. is a company with an authorised capital of Rs.5,00,000 divided into 5,000 equity shares of Rs.100 each on 31.12.1985 of which 2,500 shares were fully called up.
    The following are the balances extracted from the ledger as on 31.12.1985.

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Trial Balance of Moon & Star Co. Ltd.

Debit	**Rs.**	**Credit**	**Rs.**
Opening Stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount Received	3,150
Wages	70,000	Profit & Loss A/c	6,220
Discount Allowed	4,200	Creditors	35,200
Insurance(upto 31.3.86)	6,720	Reserves	25,000
Salaries	18,500	Loan from managing Director	15,700
Rent	6,000	Share Capital	2,50,000
General Expenses	8,950		
Printing	2,400		
Advertisements	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,500		
Furniture	17,100		
Bank	34,700		
Bad Debts	3,200		
Calls-in-arrears	5,000		
	6,60,270		**6,60,270**

You are required to prepare Statement of Profit & Loss for the year 31.12.1985 and balance sheet as on date. The following further information is given:

(i) Closing stock was valued at Rs.1,91,500
(ii) Depreciation on plant at 15% and on furniture at 10% should be provided.
(iii) A tax provision of Rs.8000 is considered necessary.
(iv) The directors declared an interim dividend on 15.8.85 for 6 months ending June 30, 1985 @ 6%.
(v) Provide for corporate dividend tax @17%.

12. S & R Co. Ltd was incorporated on July 1, 1992 to purchase the business of Nisha Bros, as on 1.4.92. Certificate of commencement of business was received on 1.8.92. the accounts for the year ended 31.3.93 disclosed net profits of Rs.80,000 after charging the following:
    (i) Directors' salary Rs.10,000
    (ii) Salaries –Rs. 20,000 (4 employees in pre incorporation period and 6 employees in post incorporation period)
    (iii) Wages – Rs.10,200 (5 workers at Rs.80 per month in pre incorporation period and 10 workers at Rs. 100 per month in post incorporation period)

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The sales were Rs.3,00,000 of which Rs.75,000 were in pre incorporation period. Calculate profit earned in the pre and post incorporation periods.

13. Following a series of losses, XYZ Co. Ltd., resolved to reduce its capital to 50,000 fully paid Rs.5 shares and eliminate share premium account. The company's balance sheet prior to implementation of the scheme was:

Liabilities	**Rs.**	**Assets**	**Rs.**
Share Capital		Goodwill	1,00,000
50,000 fully paid shares of Rs.10 each	5,00,000	Land & Buildings	1,62,000
Securities Premium	50,000	Plant & Machinery	2,07,000
Creditors	62,000	Stock	92,000
Bank Overdraft	73,000	Debtors	74,000
		Profit & Loss A/c	50,000
	6,85,000		**6,85,000**

It was resolved to apply the sum available under the scheme:

(i) To write off the goodwill account.

(ii) To write off the debit balance of Profit & Loss account.

(iii) To reduce the book values of the assets by the following amounts:
Land & Buildings – Rs.42,000; Plant & Machinery – Rs.67,000; Stock-Rs.33,600

(iv) To provide a bad debts reserve of 10% of the book value of debtors.

Show the journal entries to give effect to the scheme and prepare the revised balance sheet after its implementation.