

**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.

B.Com.(ISM) END SEMESTER EXAMINATION APRIL/NOV - 2021

SEMESTER - V

21UBICT5011 - Corporate Accounting

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 × 5 = 30 Marks)

1. Batliboi Co. Ltd., issued 50,000 equity shares of Rs.10 each to the public on condition that full amount of shares will be paid in a lump sum. All these shares were taken up and paid by the public. Pass journal entries in the books of company when (a) Shares are issued at par (b) Shares are issued at a premium of 10% (c) Shares are issued at a discount of 10
2. Mr.Senthil is a shareholder in Kiran Ltd holding 2,000 shares of Rs.10 each. He paid Rs.2 and Rs.3 per share on application and allotment respectively, but failed to pay Rs.3 and Rs.2 per share for first and second calls respectively. Directors forfeit his shares. Give journal entry.
3. Skylekha issued 30,000 equity shares of Rs.100 each. 75% of the issue was underwritten by Prakash. Applications for 21,000 shares were received in all by the company. Determine the liability of Prakash.
4. Modern Fibres Ltd., has part of its share capital as 5,000 Redeemable Preference Shares of Rs.100 each. When the shares became due for redemption, the company decided that the whole amount will be redeemed out of a fresh issue of equal amount of equity shares of Rs.10 each. Show the journal entries in the books of the company.
5. Timex Ltd., issued 1,000 8% debentures of Rs.100 each. Give journal entries in the books of the company, if the debenture were issued as follows: (i) Issued at par, redeemable at par (ii) Issued at a discount of 5%, repayable at par.
6. Rajan, a small scale industrialist decided to convert his firm into a limited company with effect from 1st April, 1996. But he obtained the certificate of incorporation on 1st August 1996 and the certificate to commence business on 1st October 1996. His accounts were closed on 31st December 1996. Find out the time ratio for the purpose of ascertaining pre incorporation profit.

Contd...

7. Ratan Ltd., having a share capital of Rs.3,00,000 divided into 3,000 shares of Rs.100 each, resolves to sub-divide the shares into 30,000 shares of Rs.10 each. Pass the necessary journal entry.
8. Write about AS3.

Section C

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

9. A firm earned net profits during the last three years as follows:
I year – 36,000 ; II year – 40,000 ; III year – 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 year's purchase of super profit.
10. 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.

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 ended 31.12.1985 and balance sheet as on that date. The following further information is given:

- (a) Closing stock was valued at Rs.1,91,500.
- (b) Depreciation on plant at 15% and on furniture at 10% should be provided.

Contd...

SEMESTER - V
21UBICT5011 - Corporate Accounting

- (c) A tax provision of Rs.8,000 is considered necessary.
(d) The directors declared an interim dividend on 15.8.85 for 6 months ending June 30,1985 @6%.
(e) Provide for corporate dividend tax @1%.

11. Ganesh Ltd., was registered on 1-7-97 to acquire the running business of suneel & Co., with effect from 1-1-97. The following was the Profit and Loss account of the company on 31-12-97.

Particulars	Rs	Particulars	Rs
To office expenses	54,000	By Gross Profit b/d	2,25,000
To formation expenses(written off)	10,000		
To stationery & postage	5,000		
To selling expenses	60,000		
To Director's fees	20,000		
To Net Profit	76,000		
	2,25,000		2,25,000

You are required to prepare a statement showing profit earned by the company in the pre and post incorporation periods. The total sales for the year took place in the ratio of 1:2 before and after incorporation respectively.

12. On 30th June 1998, the balance sheet of Sandhya Ltd., stood as follows:

Liabilities	Rs	Assets	Rs
Equity share capital	10,00,000	Sundry assets	14,00,000
Redeemable Preference share capital	4,00,000	Bank	5,00,000
P & L a/c	3,00,000		
Sundry creditors	2,00,000		
	19,00,000		19,00,000

On the above date, the preference shares had to be redeemed. For this purpose, 2,000 equity shares of Rs.100 each were issued at Rs.110. The company also issued 8% debentures totalling Rs.3,00,000. The shares and debentures were immediately subscribed and paid for. The preference shares were duly redeemed. Give journal entries and the balance sheet after redemption.

13. From the following particulars, calculate the value of an equity share:
2,000, 9% preference shares of Rs.100 each - Rs.2,00,000
50,000 equity shares of Rs.10 each, Rs.8 per share paid-up - Rs.4,00,000
Expected profit per year before tax - Rs.2,18,000
Rate of tax - 40%
Transfer to general reserve every year - 20% of profit
Normal rate of earning – 15%