

**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.(A&F) END SEMESTER EXAMINATION APRIL/NOV - 2021

SEMESTER - III

20UAFCT3005 - 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 ($6 \times 5 = 30$ Marks)

1. B Ltd., issued 1,50,000 equity shares. The whole of the issue was underwritten as follows:
X – 50% Y – 25% Z – 25%
Applications for the 1,20,000 shares were received in all, out of which applications for 30,000 shares had the stamp of X, those for 15,000 shares that of Y and those for 30,000 shares that of Z. The remaining applications for 45,000 shares did not bear any stamp.
Determine the liability of the underwriters.
2. Z Limited issued 1,000 8% debentures of Rs.100 each. Give appropriate journal entries in the books of the company, if debenture were issued as follows:
 - (i) Issued at par, redeemable at par.
 - (ii) Issued at premium of 10%, repayable at par.
 - (iii) Issued at par, redeemable at premium of 10%
 - (iv) Issued at discount of 5%, repayable at par.
3. Murugan Limited was formed on 1-7-96 to acquire the business of Johnson & sons with effect from 1-1-96. When the company's first accounts were prepared on 31-12-1996, the following were noted:
 - (1) Sales for the year Rs.3,00,000
 - (2) Sales in January, February, April and May were only 50% of the annual average. Sales of August, September and December were twice the annual average.Calculate the weighted sales ratio.
4. From the following balances, prepare the Balance Sheet of a company in the prescribed format.
Goodwill Rs.1,50,000; Investments Rs.2,00,000; Share capital Rs.5,00,000;
Reserves Rs. 1,10,000; Securities Premium Rs. 15,000; Preliminary expenses Rs.10,000; Profit and Loss A/c (Cr) Rs.25,000; Debentures Rs.2,50,000; Other fixed assets Rs.4,70,000; Stock Rs.80,000; Debtors Rs.60,000; Bank Balance Rs.30,000; Unsecured loan Rs.65,000; Sundry creditors Rs.35,000.

Condt...

5. The following information is given.
- Capital Employed Rs. 1,20,000
 - Market rate of return on investment -12%
 - Rate of risk return on capital invested – 3%
 - Managerial remuneration of the proprietor, if employed elsewhere Rs.30,000 p.a.
 - Net profit for four years

Ist Year Rs. 60,000;	IInd year Rs. 72,000;
IIIrd Year Rs.8,000 (Loss);	IVth year Rs. 88,000;

 Calculate Goodwill as per 3 years purchase of super profit.
6. Vijaya Lakshmi Limited was floated with a capital of Rs.20,00,000 in 1,00,000 equity shares of Rs.10 each and 1,00,000 preference shares of Rs.10 each and the capital was fully subscribed and paid. The preferences shares carried cumulative preference rights as to dividend but not as to capital repayment. The company was unsuccessful and sustained trading losses amounting to Rs.3,00,000. In addition, the majority of the patents acquired by the company proved to be worthless.
- It was resolved to write off Rs.10,00,000 of the subscribed capital by reducing each class of shares by Rs.5 per share and to reduce the assets correspondingly by
- wiping out the debit balance of the Profit and Loss A/c of Rs.3,00,000;
 - writing down goodwill to the extent of Rs.3,00,000;
 - writing off patents by Rs.3,00,000 and preliminary expenses account of Rs.1,00,000.
- Pass the journal entries to give effect to the above transactions.
7. 'Unpaid dividend can be kept by the company without any time limit' – Discuss in detail.
8. Explain 'Forfeiture of Shares'.

Section C

Answer any **THREE** questions (3 × 10 = 30 Marks)

9. A. Ltd. Issued 10,000 equity shares of Rs.10 each payable as under: Rs.2 on application Rs.5 on allotment Rs.3 on first and final call The public applied for 8,000 shares which are allotted. All the money due on shares was received except the first and final call on 100 shares. These shares were forfeited and reissued at Rs. 8 per share. Show the journal entries in the books of the company.

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10. Following is the balance sheet of X Ltd. Ason 31.12.2008.

Liabilities	Rs.	Assets	Rs.
6% redeemable preference shares of Rs.100 each	1,00,000	Sundry Assets	1,70,000
Equity shares of Rs.10 each	1,00,000	Bank	1,12,000
Securities premium	2,000		
General Reserve	70,000		
Profit & Loss A/c	10,000		
	2,82,000		2,82,000

In order to redeem the preference shares 7000 equity shares of Rs.10 each were issued at par. The preference shares were redeemed at a premium of 10%. Pass journal entries and prepare balance sheet.

11. M and S Ltd. is a company with an authorized capital of Rs.5,00,000 divided into 5000 equity shares of Rs.100 each on 31.12.2014 of which 2500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.2014.

Trail Balance of M&S 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.31.3.2015)	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	5000		
	6,60,270		6,60,270

Condt...

You are required to prepare Statement of Profit & Loss for the year ended 31.12.2014 and a balance sheet as on that date. The following further information is given:

- (a) Closing stock is valued at Rs.1,91,500
- (b) Depreciation on plant at 15% and on furniture at 10% should be provided.
- (c) A tax provision of Rs.8,000 is considered necessary.
- (d) The directors declared an interim dividend on 15.8.2014 for 6 months ending June 30th 2014 @6%
- (e) Provide for corporate dividend tax @17%

12. What is Goodwill? State and discuss the various methods of valuation of goodwill.

13. Following a series of losses, ABC Co. Ltd., resolved to reduce its capital to 50,000 fully paid Rs.5 shares to eliminate share premium account. The company's Balance sheet Prior to implantation of the scheme was:

Liabilities	Rs.	Assets	Rs.
Share Capital:		Goodwill	1,00,000
50,000 shares fully paid of Rs.10 each	5,00,000	Land & Buildings	1,62,000
Share Premium A/c	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 the 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 the scheme and prepare the revised balance sheet after its implementation.