

**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.(Honours) END SEMESTER EXAMINATION APRIL/NOV - 2021
SEMESTER - III
20UBHCT3013 - 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. The following is the balance sheet of Balaji Ltd., as on 31.03.2014.

Liabilities	Rs.	Assets	Rs.
4,000 9% Redeemable preference shares of Rs.100 each	4,00,000	Land	14,10,000
5,000 Equity shares of Rs.100 each	5,00,000		
General reserve	2,00,000		
Securities premium	60,000		
Profit and loss account	1,00,000		
Creditors	1,50,000		
	14,10,000		14,10,000

The directors of the company decided to redeem the preference shares at a premium 10%. For this purpose the company decided to utilize the divisible profits to the maximum extent. The preference share were redeemed on the above date but a shareholder holding 500 shares could not be traced. Give journal entries for the redemption.

2. Ganesh Ltd was registered on 1.7.18 to acquire the running business of Sun Co. Ltd., with effect from 1.1.18. The following was the profit and loss account of the company on 31.12.18.

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 and 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.

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3. The share capital of ABC LTD consisted of the following:

(a) 20,000 7% preference shares of Rs.100 each.

(b) 40,000 equity shares of Rs.10 each.

The shares were fully paid. The company has accumulated losses amounted to Rs.3,50,000 besides preliminary expenses stood in the books at Rs.15,000. It was ascertained that fixed assets which stood in the books at Rs.15,00,000 were overvalued to the extent of Rs.4,00,000. The following scheme was adopted to write off the losses and reduce the assets.

i. 7% preference shares were to be converted into 9% preference shares of Rs.60 each.

ii. Equity shares were to be reduced to Rs.2 each.

Pass journal entries for the above scheme of capital reduction.

4. From the following information calculate the value of goodwill on the basis of 3 years purchase of super profit:

(a) Rate of interest expected from capital having regard to risk involved is 10%.

(b) Net trading profits of the firm for the past three years were:

I year - Rs.3,50,000; II year -Rs.2,80,300 and III year - Rs.3,10,100.

(c) Fair remuneration to the partners for their services is Rs.48,000 per annum.

(d) Sundry assets of the firm are Rs.23,50,000 and current liabilities are Rs.21,50,000.

5. You are required to calculate cost of sales adjustment form the following data:

Date	Particulars	HCA (Rs.)	Index of goods
1.1.18	Opening stock of goods	50,000	400
	Purchases of goods	4,00,000	440
31.12.18	Closing stock of goods	70,500	470

Index of goods as on 31.12.18 was 480. However the closing stock of goods was actually acquired on 14.11.18 on which date the index of goods was 470. Purchases were made uniformly throughout the year.

6. Bring out the advantages of National Company Law Tribunal.

7. List out of the objectives of Insolvency and Bankruptcy code.

8. Sanjay Ltd. issued 1000, 8% debentures of Rs.100 each. Give appropriate journal entries in the books of the company, if the debenture were issued as follows:

(a) Issued at par, redeemable at par.

(b) Issued at a discount of 5% repayable at par.

(c) Issued at a premium of 10% repayable at par.

(d) Issued at par, redeemable at a premium of 10%.

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Section C

Part A

Answer any **TWO** questions ($2 \times 10 = 20$ Marks)

9. From the following information taken from the books of XY LTD as at 31st March 2019, you are required to prepare the balance sheet as required under schedule VI of the companies Act.

Particulars	Rs.	Particulars	Rs.
Term loan	10,00,000	Loss for the year	3,00,000
Sundry creditors	11,45,000	Sundry debtors	12,25,000
Advances	3,72,000	Miscellaneous expenditure	58,000
Cash and Bank	2,75,000	Loans from directors	2,00,000
Staff advances	55,000	Provision for doubtful debts	20,200
Provision for taxation	1,70,000	Stores	4,00,000
Securities premium	4,75,000	Fixed assets	56,50,500
Lose tools	50,000	Capital work-in-progress	2,00,000
Investments	2,25,000	Finished goods	7,50,000
General reserves	20,50,000		

10. The following is the Balance Sheet of Abdul Kalam Ltd. as on 31st Dec 1998.

Liabilities	Rs.	Assets	Rs.
Share capital: 2,000 6% preference shares of Rs.100 each fully paid	2,00,000	Sundry assets	10,96,000
6,000 equity shares of Rs.100 each	6,00,000	Discount on debentures	4,000
General reserve	20,000	Preliminary expenses	10,000
Debenture redemption reserve	40,000	Profit & Loss A/c	70,000
5% debentures	1,00,000		
Depreciation fund	30,000		
Sundry creditors	1,90,000		
	11,80,000		11,80,000

The debenture interest is owing for one year and dividends on preference shares are arrears for two years. Assuming that sundry assets are worth their book value.

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Show the value of equity shares. If

- (a) Preference shares are preferential as to capital and arrears are payable.
- (b) Preference shares are preferential as to capital but arrears are not payable.
- (c) Preference shares do not carry priority of capital but arrears are payable.

11. The following is the balance sheet of Harrish industries Ltd 31.12.2016:

Liabilities	Rs.	Assets	Rs.
6,000 6% preference shares of Rs.100 each	6,00,000	Goodwill	45,000
12,000 equity shares of Rs.100 each	12,00,000	Land & Buildings	6,00,000
8% debentures	3,00,000	Plant and machinery	9,00,000
Bank overdraft	3,00,000	Stock	1,30,000
Sundry creditors	1,50,000	Debtors	1,40,000
		Cash	15,000
		Profit & loss account	7,00,000
		Preliminary expenses	20,000
	25,50,000		25,50,000

On the above date the company adopted the following scheme of reconstruction:

- (a) The equity shares are to be reduced to shares of Rs.40 each fully paid and the preference share to be reduced to fully paid shares of Rs.75 each.
- (b) The debenture holders took over stock and debtors in full satisfaction of their claims.
- (c) The land and buildings to be appreciated by 30% and plant and machinery to be depreciated by 30.
- (d) The fictitious and intangible assets are to be eliminated.
- (e) Expenses of reconstruction amounted to Rs.5,000.

Give journal entries

12. Explain the need for valuation of shares.

Part B

Compulsory question (1 × 10 = 10 Marks)

13. A Ltd issued 1,000 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.