

**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.(CS) END SEMESTER EXAMINATIONS APRIL - 2022
SEMESTER - III
18UBCCT3005 - Corporate Accounting - I**

Total Duration : 3 Hrs.

Total Marks : 60

Section A

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

1. The following extract from the balance sheet of Gayathri Co. Ltd, as on 31.12.2010, is given to you.

Particulars	Rs.
Share capital :	
2,00,000 equity shares of Rs.10 each	20,00,000
3,00,000 6% redeemable preference shares of Rs.10 each	30,00,000
Capital reserve	15,00,000
General reserve	9,00,000
Profit and loss a/c	25,50,000

The company exercises its option to redeem the preference shares on 1.1.2011. The company has sufficient cash. Give journal entries to record the redemption.

2. M Ltd. issued 50,000 8% debentures of Rs.10 each to the public at par, to be paid Rs.4 on application and the balance on allotment. Applications were received for 48,000 debentures. Allotment was made to all the applicants and the amount due were received promptly. Give journal entries to record the transactions and show how they appear in the Balance Sheet of the company.
3. PQR Ltd. issued 25,000 shares of Rs.100 each. The whole issue was underwritten by David. In addition there is a firm underwriting of 3000 shares by David. Applications for 17,000 shares were received by the company in all. Calculate the liability of David.
4. From the following information determine the maximum remuneration available to a full time director of a manufacturing company. The profit & loss account of the company showed a net profit of Rs.40,00,000 after making into account the following items.

	Rs.
(i) Depreciation (including special depreciation of Rs.40,000)	1,00,000
(ii) Provision for income tax	2,00,000
(iii) Donation to political parties	50,000
(iv) Ex-gratia payment to a worker	10,000
(v) Capital profit on sale of assets	15,000

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5. You are required to calculate the time ratio for the Pre and Post incorporation periods from the following particulars:
Date of incorporation 1st June 1999
Period of Financial Accounts: April 1999 to March 2000.
Total wages Rs.4,800
Number of workers: Pre incorporation period :5
 Post incorporation period : 25
Also divide the total wages between pre and post incorporation periods.
6. A, B and C are in partnership sharing profits in the ratio of 2 : 2 : 1. The firm was converted into a limited company and assets and liabilities were sold to the company at book values with the exception of goodwill, for which the company agreed to pay Rs.8,000 more than the book value and machinery which was taken at Rs.1,000, less than the book value.
The capitals of A, B and C at the date of purchase by the limited company were Rs.10,000, Rs.6,000 and Rs.5,000. You are required to calculate the purchase consideration.
7. From the following information, calculate the value of goodwill Profit :
1st year Rs.2,400, 2nd year Rs.3,600, 3rd year Rs.5,000, 4th year Rs.1,500, 5th year Rs.2,500. Amount of goodwill is based on three years purchase of the last five years average profit.
8. What are the needs for valuation of shares?

Also divide the total wages between pre and post incorporation periods.

6. A, B and C are in partnership sharing profits in the ratio of 2 : 2 : 1. The firm was converted into a limited company and assets and liabilities were sold to the company at book values with the exception of goodwill, for which the company agreed to pay Rs.8,000 more than the book value and machinery which was taken at Rs.1,000, less than the book value.
The capitals of A, B and C at the date of purchase by the limited company were Rs.10,000, Rs.6,000 and Rs.5,000. You are required to calculate the purchase consideration.
7. From the following information, calculate the value of goodwill Profit :
1st year Rs.2,400, 2nd year Rs.3,600, 3rd year Rs.5,000, 4th year Rs.1,500, 5th year Rs.2,500. Amount of goodwill is based on three years purchase of the last five years average profit.
8. What are the needs for valuation of shares?

On application	Rs.25
On allotment	Rs.34
On first call & final call	Rs.36

Applications were received for 9,000 shares and all of these were accepted. All moneys 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 necessary journal entries in the books of company.

11. A Ltd. was registered with an authorised capital of Rs.6,00,000 in equity shares of Rs.10 each. The following is its trial balance on 31st March 1998.

Trial balance of 'A' Ltd.		
Particulars	Debit balance	Credit balance
	(Rs.)	(Rs.)
Goodwill	25,000	
Cash	750	
Bank	39,900	
Purchases	1,85,000	
Preliminary expenses	5,000	
Share capital		4,00,000
12% debentures		3,00,000
P&L A/c (Cr)		26,250
Calls-in-arrears	7,500	
Premises	3,00,000	
Plant & machinery	3,30,000	
Interim dividend	39,250	
Sales		4,15,000
Stock (1.4.97)	75,000	
Furniture & fixtures	7,200	
Sundry debtors	87,000	
Wages	84,865	
General expenses	6,835	
Freight & carriage	13,115	
Salaries	14,500	
Directors' fees	5,725	
Bad debts	2,110	
Debenture interest paid	18,000	
Bills payable		37,000
Sundry creditors		40,000
General reserve		25,000
Provision for bad debts		3,500
	12,46,750	12,46,750

Prepare statement of profit and loss account in proper form after making the following adjustment:

- I. Depreciate plant and machinery by 15%.
- II. Write off preliminary expenses.
- III. Provide for 6 months interest on debentures.

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- IV. Leave bad and doubtful debts provision at 5% on sundry debtors.
- V. Provide for income tax at 50%.
- VI. Stock on 31.03.1998 was Rs. 95,000.
- VII. Provide for corporate dividend tax @ 17%.

12. Ganesh Ltd. was incorporated on 1.7.97 to acquire a running business of Suresh & Co. with effect from 1.1.97. The following was the P&L account of the company on 31.12.97.

Particulars	Rs.	Particulars	Rs.
To office expenses	54,000	By gross profit	2,25,000
To formation expenses (written off)	10,000		
To stationery and postage	5,000		
To selling expenses	60,000		
To directors 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 periods respectively.

Part B

Compulsory question (1 × 10 = 10 Marks)

13. The following is the Balance sheet of Weak Co. Ltd. as on 31st March 1995.

Liabilities	Rs.	Assets	Rs.
1,00,000 equity shares of Rs. 10 each		Land	1,00,000
Sundry creditors	10,00,000	Plant & machinery	2,30,000
	1,73,000	Furniture & fittings	68,000
		Stock	1,50,000
		Debtors	70,000
		Cash at bank	5,000
		Profit & loss A/c	5,50,000
	11,73,000		11,73,000

The approval of the court was obtained for the following scheme of reduction of capital:

- I. The equity shares to be reduced to Rs.4 per share.
- II. Plant & machinery to be written down to Rs.1,50,000.
- III. Stock to be revalued at Rs.1,40,000.
- IV. The provision on debtor on doubtful debts to be created Rs.2,000.
- V. Land to be revalued at Rs.1,42,000.

Pass journal entries to give effect to the above arrangement and also prepare reconstruction A/c.
