

**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

20UBCCT3005 - Corporate Accounting - I

Total Duration : 3 Hrs.

Total Marks : 60

Section A

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

1. Good Luck Ltd invited applications for 20,000 shares of the value of Rs.20 each. The amount payable is Rs.5 on application, Rs.8 on allotment and the balance when required.
The whole of the above issue was applied for and cash was duly received. Give the journal entries for the above transactions.
2. Explain Pro rata allotment of shares.
3. Ram Ltd. has 60,000 equity shares of 100 each, 80 per share called up. Now the company decides to pay off 20 per share of the paid up capital and at the same time to reduce the 100 share to 60 share fully paid up by cancelling the unpaid amount.
Give journal entries.
4. 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 17000 shares were received by the company in all. Calculate the liability of David.
5. How do you classify debentures?
6. Arumugam, the sole trader, decided to convert his business into a limited company from the following relevant dates, you are required to compute the time ratio for the purpose of ascertaining profits prior to incorporation :
 - (a) Date of sale of the business to the company 31.12.2014.
 - (b) Date of obtaining certificate of incorporation 1.05.2015.
 - (c) Date of obtaining certificate to commence business 16.07.2015.
 - (d) Date of finalizing the first accounts of the company 30.09.2015.

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7. From the following particulars, 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 taking into account the following items:

	Rs.
(a) Depreciation(including special depreciation of Rs. 40,000)	1,00,000
(b) Provision for income tax	2,00,000
(c) Donation to political tax	50,000
(d) Ex-gratia payment to a worker	10,000
(e) Capital profit on sale of assets	15,000

8. Find out goodwill by capitalizing super profits :
- Normal rate of return 12%.
 - Profits for the last four years are : Rs.30,000: Rs.40,000: Rs.50,000 and Rs.45,000.
 - Non-recurring income of Rs. 3,000 is included in the above mentioned profit of Rs. 30,000.
 - Average capital employed is Rs. 3,00,000.

Section B

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

9. A company has 10,000, 9% redeemable preference shares of Rs.100 each fully paid. The company decides to redeem the shares on 31-12-2007 at a premium of 10%. The company makes the following issues :
- 6,000 equity shares of Rs.100 each at a premium of 10%.
 - 4,000, 8% debentures of Rs.100 each.
- The issue was fully subscribed and the allotments were made. The redemption was duly carried out. The company has sufficient profits. Give necessary journal entries in the books of the company.
10. ABC Ltd. issued 1,000, 8% Debentures of Rs.100 each. Give journal entries in the books of the company, in the following cases :
- Issued at par, redeemable at par.
 - Issued at 5% discount, redeemable at par.
 - Issued at 10% premium, redeemable at par.
 - Issued at par, redeemable at 10% premium.
 - Issued at 5% discount, redeemable at 10% premium.

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11. Moon & 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 31.12.2015 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.2015.

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 31.03.2016)	6,720	Reserves	25,000
Salaries	18,500	Loan from M.D	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		

Prepare a statement of profit or loss for the year ended 31.12.2015 taking the following into consideration :

- (a) Closing stock was valued at Rs.1,91,500.
- (b) Depreciate plant at 15% and furniture at 10%.
- (c) A tax provision of Rs.8,000 is considered necessary.
- (d) The Director's declared an interim dividend on 15.08.2015 for 6 months ending 30.06.2015 at 6%.
- (e) Provide for corporate dividend tax at 17%.

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12. From the following information calculate the yield value per equity share :

	Rs.
5,000 8% preference shares of Rs.100 each	5,00,000
75,000 equity shares of Rs.10 each, Rs.8 per share paid up	6,00,000
Expected profits per year before tax	2,80,000
Rate of tax	50%
Transfer to general reserve every year	20% of the profit
Normal rate of earnings.	10%

13. Calculate time ratio and weighted time ratio for the Pre and Post incorporation periods from the following particulars :

Date of Incorporation 1st June 2009.

Period of Financial Accounts : April 2009 to March 2010.

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.
