

**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 EXAMINATIONS APRIL-2022**

**SEMESTER - III**

**20UAFCT3005 - Corporate Accounting**

**Total Duration : 3 Hrs.**

**Total Marks : 60**

**Section A**

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

1. Define share, and Explain its types.
2. X Ltd. Forfeited 30 shares of Rs.30 each fully called up, held by Murugan for non-payment of allotment money of Rs.3 per share and first and final call of Rs.4 per share. He had paid the application money of Rs.3 per share. These shares were reissued to David for Rs.8 per share. Pass journal entries for forfeiture and reissued.

3. The following extract from the Balance sheet of Vijay Ltd. as on 31<sup>st</sup> December 2009 is given to you.

Share capital	2,00,000
Equity shares of Rs.10 each	20,00,000
2 00,000 6% redeemable preference shares of Rs.10 each	20,00,000
Capital reserve	10,00,000
General reserve	6,00,000
Profit and loss accounts	17,00,000

The company exercise its options to redeem the preference shares on 1<sup>st</sup> January 2020.

4. What is Acquisition of Business? Explain the Methods of computing purchase Consideration on acquisition of Business.
5. What is meant by Corporate dividend tax? Give its accounting treatment.
6. A Ltd. Issued 1,00,000 Equity shares. The whole of the issue was underwriting as follows:  
X - 40% Y - 40% Z - 20%  
Applications for 80,000 shares were received in all out of which Applications for 20,000 shares had the stamp of X, those for 10,000 shares that of Y and 20,000 shares that of Z. The remaining Applications did not bear any stamp. Show the Liability of the underwriters.
7. From the following Balance sheet you are required to value of Equity shares.

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
2,000 6% pref. Share of Rs.100 each	2,00,000	Assets at book value	6,00,000
30,000 Equity shares of Rs.10 each	3,00,000		
Current Liabilities	1,00,000		
	<b>6,00,000</b>		<b>6,00,000</b>

The market value of 50% of the assets is considered as 10% more than the book value and the remaining 50% at 5% less than the book value. There was a Liabilities of Rs.5,000 which remained unrecorded. Assume preference shares have no priority as to the repayment of capital or dividend.

8. The share capital of A Ltd. Consisted of the following:
  - a) 10,000 6% preference shares of Rs.100 each
  - b) 50,000 Equity shares of Rs. 10 each

**Contd...**

The share were fully paid. The company had accumulated losses totalling Rs.3,50,000 besides preliminary expenses Rs.2,00,000. It was also ascertained that Fixed assets which stood in the books at Rs.14,00,000 were over valued to the extent the assets.

- 1) 6% pref. shares were to be converted into 7% pref. Shares of Rs.60 each
- 2) Equity shares were to be reduced to Rs. 2 each. Journal entries.

### Section B

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

9. A Ltd. Company Issued 10,000 shares of Rs.10 each payable as follows.

Rs.3 on application

Rs.3 on allotment

Rs.4 first and Final call

The company received 13,000 applications were received from the public. Applications for 1,500 shares were rejected and the excess application money received on the other 1,500 shares was adjusted towards allotment All the amount due on the shares were received except the call money on 500 shares which were forfeited after due notice. Later 400 of the forfeited shares were reissued at Rs.8 per share. Pass necessary journal entries.

10. From the following information, ascertain Profits prior to and after Incorporation.

- a) Time Ratio - 3 : 5
- b) Sales Ratio - 4 : 6
- c) Gross profit Rs.10,00,000
- d) Expenses debited to profit and loss accounts were;

	Rs.
Salaries	96,000
General expense	12,000
Discount on sales	40,000
Advertisement	50,000
Preliminary expenses	70,000
Rent and rates	15,000
Printing and Stationary	65,000

Incomes credited to profit and Loss accounts were:

	Rs.
Rent received	18,000
Interest received	50,000

11. The following information are available in respect of the Business carried on by John.

Particulars	Rs.
A) Capital invested	50,000
B) Trading results:	
1990 Profits	12 200
1991 Profits	15,000
1992 Loss	2,000
1993 Profits	21,000
C) Market rate of investment at 10%	
D) Remuneration of alternative employment of the proprietors	3,600
	p.a

Compute the value of Goodwill of the Business on the basis of 3 years purchase of super profit taking Average of last four years.

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12. The following is the Trial Balance of ABC company Ltd. as on 31-12-1994. Prepare statement of Profits and Loss accounts and Balance sheet.

<b>Particulars</b>	<b>Dr. (Rs.)</b>	<b>Cr. (Rs.)</b>
Authorised capital		5,00,000
Subscribed capital		1,00,000
Calls -in - arrears	6,400	
Land	10,000	
Building	25,000	
Machinery	15,000	
Furniture	3,200	
Carriage inwards	2,300	
Wages	21,400	
Salary	4,600	
Bad debts reserve (1-1-94)		1,400
Sales		80,000
Sales returns	1,700	
Bank charges	100	
Coal	700	
Rates and Taxes	800	
Purchase	50,000	
Purchase returns		3,400
Bills receivable	1,200	
General expense	1,900	
Sundry debtors	42,800	
Sundry creditors		13,200
Stock on 1-1-94	25,000	
Fire insurance	400	
Cash at Bank	13,000	
Cash in hand	2,500	
Securities premium		6,000
General reserve		24,000
	<b>2,28 000</b>	<b>2,28,000</b>

Charge depreciation on Buildings at 2  $\frac{1}{2}$ % on Machinery at 10% and Furniture at 10%. Make a reserve of 5% on debtors for bad debts.

	<b>Rs.</b>
Prepaid insurance	120
Outstanding Liabilities:	
Wages	3,200
Salaries	500
Rent and rates	200

The value of stock on 31-12-94 was Rs.30,000.

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13. The Balance sheet of G Ltd. was as follows on 30<sup>th</sup> June 1978,

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
4,000 shares of Rs.100 each	4,00,000	Goodwill	60,000
6% Debentures	2,00,000	Land and Buildings	1,00,000
Sundry creditors	2,50,000	Plant and Machinery	4,00,000
		Stock	90,000
		Sunday debtors	60,000
		Preliminary expenses	10,000
		Profit and Loss a/c	1,30,000
	<b>8,50,000</b>		<b>8,50,000</b>

In order to reconstruct the company, winding up fictitious and intangible assets and writing down Plant and Machinery to its proper figure of Rs.3,00,000. The shares were reduced to Rs.20 each. Prepare journal entries.

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