

**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. END SEMESTER EXAMINATIONS NOVEMBER-2022**

**SEMESTER - III**

**20UCOCT3005 - Corporate Accounting**

**Total Duration : 2 Hrs 30 Mins.**

**Total Marks : 60**

**Section A**

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

1. X Ltd., issued 50,000 equity shares of Rs.10 each to the public on condition that full amount of shares will be paid in a lump sum. All these shares were taken up and paid by the public. State Journal entries in the books of Company when
  - a) Shares are issued at par
  - b) Shares are issued at a premium of 10% and
  - c) shares are issued at a discount of 10%.
2. Classify the various types of Preference Shares.
3. The following extract from the balance sheet of S Ltd., as on 31<sup>st</sup> December 2018 is given to you  
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<sup>st</sup> January 2019. The company has sufficient cash. Prepare Journal entries to record the redemption.
4. S issued 30,000 equity shares of Rs.100 each 75% of the issue was underwritten by Mr.P. Applications for 21,000 shares were received in all by the Company. Compute the liability of Mr.P.
5. Following balances have been extracted from the books of a Banking Company as on 31<sup>st</sup> March, 2015:  
Bad Debts Rs.5,00,000;  
Advances Rs.74,50,00,000;  
Profit before charging Bad Debts Rs.21,50,000;  
required provision for Bad Debts Rs.7,00,000;  
Provision for Taxation to be made 40% of Net profit.  
Show how the above items will appear in the Banking Company's Profit and Loss Account and Balance Sheet.
6. For the year ended 31 December 2019, the profit of Kerbs Ltd., before charging depreciation on fixed assets and managerial commission amounted to Rs.300,000. Depreciation for the year amounted to Rs.60,000 and a commission of 10% of the profits (before charging such commission) was payable to the manager. The paid-up capital of the company consisted of Rs.1,000,000 divided into 5,000 6% preference shares of Rs.100 each, along with 50,000 equity shares of Rs.10 each. Interim dividend @ Re.0.50 per share was paid during the year. Brought from the previous year, the credit balance in the profit and loss account was Rs.35,000. Also, the following appropriations were proposed by the board of directors and subsequently passed at the company's annual general meeting:
  - a. To pay the year's dividend on preference shares
  - b. To pay a final dividend on equity shares at Re.0.50 per share to make a total dividend of Rs.1 per share for the year
  - c. To provide for taxation @ 50% on the net profit

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d.To transfer Rs.25,000 to the general reserve

e.To carry forward the balance

Prepare P&L Account and P&L Appropriation Account.

7. Profits and losses of the last four years were:

2012: Rs.10,000,

2013: Rs.16,000,

2014: -Rs.6,000(Loss),

2015: Rs.12,000.

Compute goodwill on the basis of three years purchase of the last four years average profits.

8. Mano Ltd., had a share capital of Rs.7,00,000 divided into: 1,00,000 equity shares of Rs.10 each, Rs.7 called up and paid up. The Company decided to cancel the unpaid amount of Rs.3 and thereby reduce the share capital to fully paid up shares of Rs.7 each. Determine Journal entry for recording the alteration.

## Section B

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

9. M Ltd., invited applications for 20,000 shares of Rs.100 each payable:

Rs.25 on application

Rs.35 on allotment

Rs.40 on Call

25,000 shares were applied for. The directors accepted applications for 20,000 shares and rejected the remaining applications. All moneys due were fully received. Prepare Journal entries and show balance sheet of the Company.

10. On 1<sup>st</sup> April 2016 Y Ltd., issued 800 12% Debentures of Rs.1000 each at par.

Debenture holders had an option to convert their holdings into 13% Preference shares of Rs.100 each at a premium of Rs.25 per share. On 31<sup>st</sup> March 2017, one year interest had accrued on these Debentures which was not paid. A holder of 50 Debentures notified his intention to convert his holding into 13% Preference shares.

Apply Journal entries for the above transactions and draw the Company's balance sheet as at 31<sup>st</sup> March 2017.

11. Discriminate the methods of ascertaining 'Profit or loss prior to Incorporation'.

12. Prepare balance sheet as at 31<sup>st</sup> March 2014 from the particulars furnished by Vision Ltd., as per schedule III of the Companies Act

Particulars	Rs	Particulars	Rs
Equity Share Capital (Rs.10 each, fully paid)	8,00,000	Advances (Dr.)	34,160
		Proposed dividend	48,000
Calls in Arrear	800	Surplus Balance	80,000
Land	1,60,000	Cash at Bank	1,97,600
Building	2,80,000	Patents	10,640
Plant and Machinery	4,20,000	Sundry Creditors (For goods and expenses)	1,60,000
Furniture	40,000	Stock: Finished goods 1,60,000 Raw material 40,000	2,00,000
General Reserve	1,68,000		
Loan from IDBI	1,20,000		
Loans(Unsecured)	96,800		
Provision for Taxation	54,400		
Sundry Debtors	1,60,000		

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**Adjustments:**

- i) 1500 equity shares were issued for consideration other than cash.
- ii) Loan of Rs.1,20,000 from IDBI is inclusive is still incomplete. of Rs.6,000 for interest accrued but not due. The loan is hypothecated by Plant and Machinery.
- iii) Debtors of Rs.50,000 are due for more than six months.
- iv) The cost of assets: Building Rs.3,20,000, Plant and Machinery Rs.5,60,000, Furniture Rs.50,000.
- v) Bank balance includes Rs.2,000 with Trust Bank Ltd., which is not a scheduled Bank.
- vi) Bills receivable for Rs.2,20,000 maturing on 30<sup>th</sup> June, 2014 have been discounted.
- vii) The Company had contract for the erection of machinery at Rs.1,50,000 which is still incomplete.

13. Following is the balance sheet of V Ltd as on 31<sup>st</sup> March 2019

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Share Capital: 3,000 5% Pref.Shares of Rs.100 each	3,00,000	Goodwill	22,500
6,000 Equity Shares of Rs.100 each	6,00,000	Land and Buildings	3,00,000
6% Debentures	1,50,000	Machinery	4,50,000
Bank Overdraft	1,50,000	Stock	65,000
Creditors	75,000	Debtors	70,000
		Cash	7,500
		P&L A/C	3,50,000
		Preliminary Expenses	10,000
	12,75,000		12,75,000

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

- i) The preference shares are to be reduced to fully paid shares of Rs.75 each and equity shares are to be reduced to shares of Rs.40 each, fully paid.
- ii) The debentures holders took over stock and debtors in full satisfaction of their claims
- iii) The fictitious and intangible assets are to be eliminated
- iv) The land and buildings to be appreciated by 30% and Machinery to be depreciated by 33 1/3%
- v) Expenses of Reconstruction amounted to Rs.4,500. Determine Journal entries incorporating the above scheme of reconstruction and prepare the reconstructed balance sheet

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