

**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.(ISM) END SEMESTER EXAMINATIONS NOVEMBER-2022

SEMESTER - V

20UBICT5010 - Corporate Accounting

Total Duration : 2 Hrs 30 Mins.

Total Marks : 60

Section A

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

1. List out the various kinds of shares which can be issued by companies.
2. Explain 'Redemption of Preference Shares'.
3. Ratan Ltd., having a share capital of Rs.3,00,000 divided 3,000 shares of Rs.100 each, resolves to sub-divide the shares into 3,000 shares of Rs.10 each. Pass the necessary journal entry.
4. From the following information given below, Prepare the cost of goods sold.

Particulars	Rs.
Opening Stock	50,000
Purchases	2,00,000
Closing Stock	1,91,500

5. Goodwill is to be valued at 3 years purchase of five years average profits. The profits for the last five years of the firm were:
1994 - Rs.2,400
1995 - Rs.3,000
1996 - Rs.3,400
1997 - Rs.3,200
1998 - Rs.4,000

From the given information, prepare the amount of goodwill.

6. Kailash Ltd., purchased the business of Mani Bros. for Rs.54,00,000 payable in fully paid shares of Rs.100 each. Classify the entries will be made in the books of Kailash Ltd., if such issue is (a) at a premium of 20% and (b) at a discount of 10%.
7. Timex Ltd., issued 1,000 8% debentures of Rs.100 each. Prepare journal entries in the books of the company, if the debenture were issued as follows:
1) Issued at Par, redeemable at par.
2) Issued at a discount of 5%, repayable at par.
3) Issued at a premium of 10%, repayable at par.
8. A company has a paid up share capital of Rs.12,80,000 divided into 1,60,000 equity shares of Rs.10 each, Rs.8 per share paid up.
The company decides to reduce the paid up capital to Rs.6 per share paid up by paying off the necessary amount.
Ascertain the appropriate journal entry.

Section B

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

9. Explain in detail about underwriting of shares and debentures.

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10. The Balance Sheet of Exchange Ltd., as on 31.03.2009 was as follows:

Liabilities	Rs.	Assets	Rs.
Share Capital: 50,000 Equity Shares of Rs. 10 each, fully paid	5,00,000	Sundry Assets	9,20,000
4,000 Redeemable Preference Shares of Rs.100 each fully paid.	4,00,000	Bank Balance	6,00,000
Profit and Loss A/c	5,20,000		
Creditors	1,00,000		
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	15,20,000		15,20,000
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On the above date, the preference shares were redeemed at a premium of 10%. Compute the journal entries and prepare the amended balance sheet.

11. Following a series of losses, XYZ Co. Ltd., resolved to reduce its capital to 50,000 fully paid Rs.5 shares and to eliminate securities premium account, the company's Balance Sheet prior to implement of the scheme was:

Liabilities	Rs.	Assets	Rs.
Share Capital: 50,000 fully paid shares of Rs.10 each.	5,00,000	Goodwill	1,00,000
Securities premium A/c	50,000	Land & Building	1,62,000
Creditors	62,000	Plant & Machinery	2,07,000
Bank Overdraft	73,000	Stock	92,000
	<hr/>	Debtors	74,000
	6,85,000	Profit & Loss A/c	50,000
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			6,85,000
			<hr/>

It was resolved to apply the sum available under the scheme:

- 1) To write off the goodwill account.
- 2) To write off the debit balance of the Profit & Loss account
- 3) To reduce the book values of the assets by the following amounts:
 - a) Land & Buildings Rs.42,000
 - b) Plant & Machinery Rs.67,000
 - c) Stock Rs.33,600
- 4) To provide a bad debts reserve of 10% of the book value of debtors.

To ascertain the revised balance sheet only.

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SEMESTER - V
20UBICT5010 - CORPORATE ACCOUNTING

12. The following Trial Balance of Nallis Ltd., as at 30th Dec.1998 is given to you:

Debits	Rs.	Credits	Rs.
Stock (1.1.1998)	80,000	8,000 equity shares of Rs.100 each, Rs. 75 paid	6,00,000
Bank	17,600	6% debentures	2,00,000
Patents	60,000	Sundry creditors	1,00,000
Calls-in-arrears	20,000	General reserve	80,000
Returns inwards	30,000	Sales	10,00,000
Purchases	7,72,000	Returns outward	20,000
Wages	1,08,000	P & L A/c(Cr)	12,000
Insurance prepaid	400		
Bills receivable	30,000		
Sundry debtors	80,000		
Discount on issue of debentures.	10,000		
Plant & Machinery	4,00,000		
Land & Buildings	3,00,000		
Insurance	4,000		
General expenses	40,000		
Establishment expenses	60,000		
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	20,12,000		20,12,000
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Additional information:

- i. The value of stock on 31st Dec. 1998 was Rs.74,000
- ii. Outstanding wages totalled Rs.10,000
- iii. A provision 5% is to be created on sundry debtors for doubtful debts.
- iv. Depreciate patents @ 10% and Plant & Machinery @ 7 $\frac{1}{2}$ % and on Land & Buildings @ 4%.

You are required to prepare Statement of Profit & Loss A/c. only for the year ended 31.12.1998.

13. From the following information ascertain the value of goodwill on the basis of 3 years purchase of super profit.
 - a) Average capital employed in the business is Rs.20,00,000.
 - b) Rate of interest expected from capital having regard to the risk involved is 10%.
 - c) Net trading profits of the firm for the past three years were Rs.3,50,400; Rs.2,80,300 and Rs.3,10,100.
 - d) Fair remuneration to the partners for their services is Rs.48,000 per annum.
 - e) Sundry assets of the firm are Rs.23,50,400 and current liabilities are Rs.95,110.
