

**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 NOVEMBER-2022

SEMESTER - III

20UAFCT3005 - Corporate Accounting

Total Duration : 2 Hrs 30 Mins.

Total Marks : 60

Section A

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

1. What is a share? Explain three different types of Share Capital.
2. 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 taking into account the following items:

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

3. Calculate the amount of Goodwill on the basis of three years purchase of the last five years "average profits. The profits for the last five years are:

	Rs.
I year	4,800
II Year	7,200
III Year	10,000
IV Year	3,000
V Year	5,000

4. G Limited was formed with an authorized capital Rs.12,00,000 divided into equity shares of Rs.10 each, to acquire the business of A and B whose balance sheet on the date of acquisition as follows.

Liabilities		Assets	
Capital	6,00,000	Free hold premises	7,00,000
General reserve	4,00,000	Stock	2,00,000
Sundry creditors	2,00,000	Sundry debtors	1,60,000
		-provision For bad debts	10,000
		Cash at bank	1,50,000
	12,00,000		12,00,000

The purchase consideration was agreed upon at Rs.14,00,000 to be paid in Rs.12,00,000 fully paid equity shares of Rs.11 and balance in cash. Prepare journals in the books of G limited.

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5. From the following data, indicate the amount of fresh issue of shares.
- Premium on redemption 5%.
 - Redeemable preference shares Rs.80,000.
 - Divisible profits available Rs.15,000.
 - General reserve balance Rs.6,500.
 - Securities premium a/c Rs.4,000.
- Fresh issue is to be made at a discount of 10%.
6. Apply the list of different categories of Managerial personnel and different rates applicable to them.
7. Raman holds 5,000 equity shares in Rathika Ltd. The paid up capital of which is 30,000 equity shares of Re.1 each. It is ascertained that
- The normal net profit of such company is Rs.5,000
 - The normal return for the type of business carried out by the company is 8%. Solve yield per equity share and Raman's holdings.
8. Omega Ltd., has 60,000 equity shares of Rs.100 each, Rs.80 per share called up. Now the company decides to payoff Rs.20 per share of the paid up capital and at the same time to reduce the Rs.100 share to Rs.60 share fully paid up by cancelling the unpaid amount. Give journal entries.

Section B

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

9. Sunshine Co. Ltd., issued 30,000 Equity shares of Rs.10 each and Rs.30. 10,000 12% preference share of Rs.100 each payable as follows

PARTICULARS	Equity shares	Preference shares
On application	2	20
On allotment	4	35
On first and final call	4	45

All the shares offered were subscribed for by the public and cash was received. Show necessary journal entries to record above issues of shares.

10. Ganesh Ltd., was registered on 01-07-2017 to acquire the running business of Suneel & Co., with effect from 1-1-17. The following was the Profit and Loss account of the company on 31-12-17

Particulars	Rs.	Particulars	Rs.
To Office expenses	54,000	By Gross Profit b/d	2,25,000
To Formation expenses (written off)	10,000		
To Stationery & Postage	5,000		
To Selling Expenses	60,000		
To Director's Fees	20,000		
To Net Profit	76,000		
	2,25,000		2,25,000

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 1:2 before and after incorporation respectively.

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11. The Silver Ore Co. Ltd., was formed on 1.4.2017 with an authorised capital of Rs.6,00,000 in shares of Rs.10 each of these 52,000 shares had been issued and subscribed but there were calls in arrears on 100 shares. From the following trial balance as on March 31, 2018, ascertain Statement of Profit & Loss and the Balance Sheet.

Particulars	Rs.	Particulars	Rs.
Cash at bank	1,05,500	Share capital	5,19,750
Plant	40,000	Sale of silver	1,79,500
Mines	2,20,000	(Interest on	
Promotion expenses	6,000	F.D. upto Dec.	3,900
Advertising	5,000	31 Dividend	
Cartage on plant	1,800	on investment)	3,200
Furniture & Buildings	20,900	Adjustments:	
Administrative expenses	28,000		
Repairs to plant	900		
Coal and oil	6,500		
Royalties paid	10,000		
Railway track & wagons	17,000		
Wages of miners	74,220		
Cash	530		
Investment - shares of tin mines	80,000		
Brokerage on above	1,000		
6% F.D. in Syndicate Bank	89,000		
	7,06,350		7,06,350

Adjustments:

- (i) Depreciate Plant and Railways by 10%; Furniture and Building by 5%
- (ii) Write off a third of the promotion expenses
- (iii) Value of Silver Ore on March 31, 2018 Rs.15,000
- (iv) The directors forfeited on Dec. 20, 2017, 100 shares on which only Rs.7.50 had been paid.

12. The following is the Balance Sheet of NSC Ltd., as on 31st Dec 2021.

Liabilities	Rs.	Assets	Rs.
4,000 10% pref. shares of Rs.100 each	4,00,000	Sundry assets at book value	12,00,000
60,000 equity shares of Rs.10 each	6,00,000		
Bills Payable	50,000		
Creditors	1,50,000		
	12,00,000		12,00,000

The market value of 60% of the assets is estimated to be 15% more than the book value and that of the remaining 40% at 10% less than the book value. There is an unrecorded liability of Rs.10,000.

Find the value of each equity share (it is to be assumed that preference shares have no prior claim as to payment of dividend or to repayment of capital).

13. Assess the procedure to be followed for reducing share capital?
