

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

SEMESTER - III

18UBBCT3005 - Corporate Accounting

Total Duration : 2 Hrs 30 Mins.

Total Marks : 60

Section A

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

1. Explain the different types of shares.
2. The Balance Sheet of Exchange Ltd. as on 31.12.2015 was as follows:

Liabilities	Rs.	Assets	Rs.
Share capital:		Sundry assets	9,20,000
50,000 equity shares of Rs. 10 each, fully paid.	5,00,000	Bank balance	6,00,000
4,000 Redeemable Preference shares of Rs. 100 each fully paid	4,00,000		
Profit and loss A/c	5,20,000		
Creditors	1,00,000		
	15,20,000		15,20,000

On the above date, the preference shares were redeemed at a premium of 10%. You are required to pass journal entries.

3. Explain the different types of underwriting.
4. Pradeep Ltd., has taken over the business of Mr.Sandeep and agreed to pay the purchase price as given below:(a) 2,800 shares of Rs.50 each fully paid at Rs.60 per share.

(b) Rs.25,000 in 8% preference shares of Rs.100 each issued at premium of 25% and
(c) Rs.20,000 in cash.

You are required to compute the amount of purchase consideration payable to Mr.Sandeep.

5. From the following balances, prepare the balance sheet of a company in the prescribed format.

	Rs.
Goodwill	1,50,000
Investments	2,00,000
Share capital	5,00,000
Reserves	1,10,000
Securities premium	15,000
Preliminary expenses	10,000
Profit and loss account (Cr)	25,000
Debentures	2,50,000
Other fixed assets	4,70,000
Stock	80,000
Debtors	60,000
Bank balance	30,000
Unsecured loan	65,000
Sundry creditors	35,000

6. Define Goodwill. Explain the various factors affecting valuation of goodwill.

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7. From the following information calculate the value per equity share:

5,000 8% preference shares of Rs. 100 each	Rs.5,00,000
75,000 equity shares of Rs.10 each, Rs.8 per share paid up	Rs.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%

8. Write short notes on computerised accounting.

Section B

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

9. Latha Ltd., issued 40,000 shares of Rs.10 each at a premium of Rs.2 per share. The shares were payable as follows:

Rs.2 on application

Rs.5 on allotment (including premium)

Rs.5 on first and final call.

All the shares were applied for and allotted. All moneys were received with the exception of the first and final call on 1,000 shares which were forfeited. 400 of these were reissued as fully paid at Rs.8 per share.

Give the necessary journal entries.

10. ABC Ltd., was incorporated on May 1, 1983 to take over the business of XYZ Ltd., as a going concern from January 1, 1983. The profit and loss account for the year ending December 31, 1983 was as follows:

Dr.		Cr.	
To Rent and taxes	12,000	By Trading account (Gross profit)	1,55,000
To Insurance	3,000		
To Electricity charges	2,400		
To Salaries	36,000		
To Director's fees	3,000		
To Auditor's fees	1,600		
To commission	6,000		
To Advertisement	4,000		
To Discount	3,500		
To Office expenses	7,500		
To Carriage	3,000		
To Bank charges	1,500		
To Preliminary expenses	6,500		
To Bad debts	2,000		
To Interest on loan	3,000		
To Net profit	60,000		
	1,55,000		1,55,000

The total turnover for the year ending December 31, 1983 was Rs.5,00,000 divided into Rs.1,50,000 for the period upto May 1, 1983 and Rs.3,50,000 for the remaining period. Ascertain the profits earned prior to the incorporation of the company.

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11. Radha Ltd., is a company with an authorised capital of Rs.5,00,000 divided into 5,000 equity shares of Rs.100 each on 31.12.2003 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.2003.

Trial balance

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 31.3.04)	6,720	Reserves	25,000
Salaries	18,500	Loan from anaging director	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		
	6,60,270		6,60,270

You are required to prepare P & L A/c and Balance sheet. The additional information gives:

- (i) Closing stock was valued at Rs.1,91,500
- (ii) Depreciation on plant at 15% and on furniture at 10% should be provided.
- (iii) A tax provision of Rs. 8,000 is considered necessary.
- (iv) The directors declared an interim dividend on 15.8.03 for 6 months ending June 30, 2003 @ 6%.

12. From the following information, Calculate the goodwill of Sunny Ltd.,

Liabilities	Rs.	Assets	Rs.
2,000 equity shares of Rs.100 each, fully paid	2,00,000	Land and building	80,000
2,000 6% preference shares of Rs.10 each	20,000	Plant & machinery	80,000
General reserve	50,000	Book debts	10,000
5% debentures of Rs.100 each	20,000	Stock-in-trade	40,000
Sundry creditors	20,000	Cash and bank balance	70,000
		Investment in 5% Govt. securities	20,000
		Preliminary expenses	10,000
	3,10,000		3,10,000

- (i) Fair return on capital employed in this type of business is 10% p.a.
- (ii) Goodwill is to be taken at 4 years purchase value of super profits.
- (iii) Average of the profits (after deduction of preliminary expenses) for the last seven years is Rs.38,000. Preliminary expenses to the extent of Rs.2,000 have been written off every year for the last seven years. Profit is more or less stable over years and the same trend is expected to be maintained in the near future. Ignore taxation.

13. What is human resource accounting? Explain the objectives of human resource accounting.
