

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.(PA)-END SEMESTER EXAMINATIONS NOVEMBER-2022
SEMESTER - III
21UPACT3005 - Corporate Accounting

Total Duration : 2 Hrs 30 Mins.

Total Marks : 60

Section A

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

1. Explain in detail the requirements for the redemption of preference shares as per Sec. 80 of the companies act 1956.
2. MTL Ltd., invited applications for 20,000 shares of Rs.100 each payable: Rs.25 on application; Rs.35 on allotment and 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. Give journal entries and show the balance sheet of the company.
3. Ganguly Ltd., was formed with an authorized capital of 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 was as follows:

Liabilities	Rs.	Assets	Rs.
Capital	6,00,000	Freehold premises	7,00,000
General Reserve	4,00,000	Stock	2,00,000
Sundry Creditors	2,00,000	Sundry debtors 1,60,000	
		Less: Provision for bad debts 10,000	1,50,000
		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 at Rs.11 and the balance in cash. Give journal entries to record the above and prepare the Balance Sheet of Ganguly Ltd., assuming the vendor's account is finally settled.

4. Moon and star Co.Ltd., is a company with an authorized capital of Rs.5,00,000 divided into 5,000 equity shares of Rs.100 each on 31.12.1985 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.1985.

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Debit	Rs.	Credit	Rs.
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 31.3.86)	6,720	Reserves	25,000
Salaries	18,500	Loan from managing 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

Prepare statement of profit & Loss for the year ended 31.12.1985 and balance sheet as on that date. The following further information is given:

- Closing Stock was valued at Rs.1,91,500
 - Depreciation on plant at 15% and on furniture at 10% should be provided.
 - A tax provision of Rs.8,000 is considered necessary.
 - The directors declared an interim dividend on 18.08.85 for 6 months ending June 30, 1985@6%.
 - Provide for corporate dividend tax @17%
- Discuss various methods of valuation of Goodwill.
 - A firm earned net profits during the last three years as follows for the I year Rs.36,000; II Year Rs.40,000 and III year Rs.44,000. The capital investment of the firm is Rs.1,00,000. Calculate the value of goodwill in the basis of 3 years' purchase of super profit.
 - A real estate company started with a capital of Rs.50,00,000 which was invested in urban land on 1-1-90. On that date the general price index was 100 and specific price index for land was 200. The company had no other transactions and it sold the land on 1-1-95 on which date the general price index was 180 and the specific price index was 420. The sale price of the land was Rs.1,80,000. You are required to ascertain profit under (1.) Historical Cost (2.) CCA Method and (3.) CPP Method.
 - Ascertain methods of profit or loss prior to incorporation.

Section B

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

- On 1-1-98, Y Ltd., issues 4,000 12% Debentures of Rs.100 each repayable at the end of four years at a premium of 5%. It has been decided to institute a Sinking Fund for the purpose, the investment being expected to realize 4% net. Sinking Fund tables show that 0.235490 amounts to Re.1 @ 4% in four years. Investments were made in multiples of hundred only. On 31-12-2001, the balance at bank was Rs.1,18,000 and the investments realized Rs.3,13,600. The debentures were paid off. Prepare journal entries and show ledger accounts (Except for debenture interest).

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10. Big Bull Ltd., has a nominal capital of Rs.6,00,000 divided into shares of Rs.10 each. The following Trial Balance is extracted from the books of the company as on 31.12.1987.

Debit	Rs.	Credit	Rs.
Calls in arrear	7,500	6% Debentures	3,00,000
Premises (Rs.60,000 added on 1.7.1987)	3,60,000	P&L A/c (1.1.87)	14,500
Machinery	3,00,000	Creditors	50,000
Interim dividend paid	7,500	General reserve	25,000
Purchases	1,85,000	Share Capital (Called up)	4,60,000
Preliminary expenses	5,000	Bills payable	38,000
Freight	13,100	Sales	4,15,000
Directors' fees	5,740	Provision for bad debts	3,500
Bad debts	2,110		
4% Government securities	60,000		
Stock(1.1.87)	75,000		
Furniture	7,200		
Sundry Debtors	87,000		
Goodwill	25,000		
Cash	750		
Bank	39,900		
Wages	84,800		
General expenses	16,900		
Salaries	14,500		
Debenture interest	9,000		
	13,06,000		13,06,000

Prepare final accounts of the company for the year ending 31.12.87 in the prescribed form after taking into account the following adjustments:

- Depreciate machinery by 10% and furniture by 5%
 - Write off preliminary expenses
 - Wages include Rs.10,000 paid for the construction of a compound wall to the premises and no adjustment was made.
 - Provide 5% for bad debt on sundry debtors.
 - Transfer Rs.10,000 to general reserve
 - Provide for income tax Rs.25,000
 - Stock on 31.12.87 was Rs.1,01,000
11. Describe the methods of valuation of shares.

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12. The balance sheet of James company Ltd., As on 31st December 1998 was as follows:

Liabilities	Rs.	Assets	Rs.
20,000 shares of Rs.10 each	2,00,000	Land & Buildings	1,68,000
Profit & Loss A/c	40,000	Plant & Machinery	1,20,000
Debentures	30,000	Furniture & Fittings	10,000
Trade Creditors	40,000	5% (tax free) Govt. Bonds	40,000
Provision for taxation	18,000	Stock	4,000
Proposed dividend	30,000	Book debts	12,000
		Cash	4,000
	3,58,000		3,58,000

The net profits of the company after charging depreciation and taxes were as follows:

1994 – Rs.34,000; 1995 – Rs.38,000; 1996 – Rs.36,000; 1997 – Rs.40,000 and 1998 – Rs.38,000.

On 31st December 1998 Land & Buildings were revalued at Rs.1,90,000; plant & machinery at Rs.1,42,000; and furniture and fittings at Rs.8,000.

10% represents a fair commercial rate of return on investment in the company. Calculate the value of goodwill basing it at five year's purchase of the average super profits for the last five years.

13. The following information relating to Malar Ltd., for the year ended 31.12.96 is provided to you and you are requested to calculate net monetary gain or loss for the year 1996.

	Rs.
Net monetary assets on 1-1- 96	5,000
Net monetary assets on 31-12-96	35,000
Transactions for the year are as given below	
Cash sales	40,000
Credit Sales	50,000
Credit Purchases	35,000
Wages	10,000
Other operating expenses	5,000
Interest paid on 31.12.96	10,000
General price index on 1.1.96	100
General Price Index on 31.12.96	150
Average index for the year	125
