

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.(CS) END SEMESTER EXAMINATIONS APRIL-2023

SEMESTER - III

21UBCCT3005 - Corporate Accounting-I

Total Duration : 2 Hrs 30 Mins.

Total Marks : 60

Section B

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

1. Murugan Ltd. has part of its share capital as 5,000 Redeemable preference shares of Rs.100 each. When the shares became due for redemption the company decide that the whole amount will be redeemed out of a fresh issue of equal amount of equity shares of Rs.10 each. Show the journal entries in the books of company?
2. Star Ltd. issued 50,000 8% Debentures of Rs.10 each to the public at par to be paid Rs.4 on Application and the balance on Allotment. Applications were received for 48,000 debentures. Allotment was made to all the applicants and the amount due was received promptly. Give journal entries to record the transactions and show how they appear in the balance sheet of the company.
3. Explain the methods of valuation of Goodwill.
4. The following particulars balances were extracted from the books of PQR Ltd as on 31st March 2019:

	Rs.
Land & Buildings	2,00,000
12% Debentures	2,00,000
Share Capital	1,00,000 (Equity Shares of Rs.10 each fully paid up)
Plant & Machinery	8,00,000
Goodwill	2,00,000
Investment in Shares of Raja Ltd	2,00,000
General Reserve	1,95,000
Stock in Trade	1,00,000
Bills Receivable	50,000
Debtors	1,50,000
Creditors	1,00,000
Bank Loan (Unsecured)	1,00,000
Provision for Tax	50,000
Proposed dividend	55,000

Prepare the balance sheet of the company as per revised schedule VI part 1 of the companies Act 1956.

5. Pass journal entries in the following cases, when debenture issue price is Rs.1,00,000. Rate of interest 8%.
 - a) Issue at par and redeemable at par
 - b) Issue at a discount of 10% and redeemable at par
6. A company was incorporated on 30th June 2018 to acquire the business of Murali as from 1st January 2018. The accounts for the year ended 31st December 2018 disclosed the following.
 - a) There was the gross profit of Rs.2,40,000

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- b) The sales for the year amounted to Rs.12,00,000 of which Rs.5,40,000 were for the first six months
- c) The expenses debited to profit & loss A/c include

	Rs.
Directors' Fees	15,000
Bad debts	3,600
Advertising (under a Monthly Contract of Rs.1,000)	12,000
Salaries	64,000
Preliminary Expenses Written off	5,000
Donation to Political Parties given by the company	5,000

Prepare a statement showing profit made Before and After incorporation.

7. Apply the methods of calculation of "Time Ratio", Adjusted Time Ratio" and "Sales Ratio".
8. 'X' Co. Ltd. has the following shares as a part of its share capital
 10,000 8% preference shares of Rs.100 each fully paid.
 50,000 equity shares of Rs.5 each fully paid
 20,000 equity shares of Rs.10 each, Rs.8 called up and paid up.
 The company has decided to alter the share capital as follows:
 (i) To sub-divide the preference shares into shares of Rs.10 each.
 (ii) To consolidate the equity shares of Rs.5 each into shares of Rs.10 each.
 (iii) To convert the partly paid up equity shares into fully paid up shares of Rs.8 each, with necessary legal sanctions.

Journalise the alterations.

Section C

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

9. A Ltd. Invited applications for 10,000 of Rs.100 each at a Discount of 5% payable as follows
 On Application Rs.25
 On Allotment Rs.34
 On first and final call Rs.66
 Applications were received for 9,000 shares and all of these were accepted call money due were received except the first and final on 100 shares which were forfeited of the forfeited shares, 50 share were reissued at the rate of Rs.90 as fully paid, so necessary journal entries in the books of the company.
10. S.P. Co., Ltd. was formed with the capital of Rs.1,00,000 in Rs.10 Shares, the whole amount being issued to the public. The underwriting of these shares was as follows:
 M = 3,500 Shares N = 3,000 Shares
 O = 2,000 Shares P = 1,000 Shares
 Q = 300 Shares R = 200 Shares
 All marked applications were to go in relief of the underwriters whose names they bear. The applications marked by the writers were:
 M = 1,000 Shares N = 2,250 Shares
 O = 2,000 Shares P = 750 Shares
 Q = 500 Shares R = Nil Shares
 Applications for 2,000 shares were received on Unmarked forms. Draw up a statement showing number of shares each underwriters had to take up.

11. The following trail balance of NMN Ltd. as at 30th Dec 2018 is given to you,

Debit Balance	Rs.	Credit Balance	Rs.
Stock 01.01.2018	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
Return Inwards	30,000	Sales	10,00,000
Purchase	7,72,000	Return Outwards	20,000
Wages	1,08,000	P & L A/c (Credit)	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 Expense	60,000		
	20,12,000		20,12,000

Additional Information:

- o The value of stock on 31st December 2018 was Rs.74,000.
- o Outstanding Wages totaled Rs.10,000.
- o A Provision 5% is to be created on Sundry Debtors for Doubtful Debts.
- o Depreciate Patents @ 10% and Plant & Machinery @ 7 ½ % and on Land & Buildings @ 4%.

You are required to prepare statement of Profit & Loss for the year ended 31st December 2018 and Balance Sheet as on that date.

12. Laxmi Ltd. was incorporated on 1st March 2020 and received the certificate of commencement of business on 1st April 2020. The company acquired the business of Rajan with effect from 1st November 2019. From the following figures relating to the year ending October 2020, find out the profits available for dividend.

- a) Sales for the year were Rs.6,00,000 out of which, sales up to 1st March 2020 were Rs.2,50,000.
- b) Gross profit for the year ended was Rs.1,80,000.
- c) The expenses debited to profit and loss account were:

	Rs.
Rent	9,000
Salaries	15,000
Directors fees	4,800
Interest on debentures	5,000
Audit fees	1,500
Discount on sales	3,600
Depreciation	24,000
General expenses	4,800
Advertising	18,000
Printing and stationery	3,600
Commission on sales	6,000
Bad debts (Rs.500 relates to debts prior to incorporation)	1,500
Interest to vendors on purchase consideration up to 1 st May 2020	3,000

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13. Following a series of losses RST Co., Ltd. resolved to reduce its capital to 50,000 fully paid Rs.5 Shares and to eliminate securities premium A/c. The company's Balance sheet prior to implementation 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 & Buildings	1,62,000
Creditors	62,000	Plant & Machinery	2,07,000
Bank Overdraft	73,000	Stock	92,000
		Debtors	74,000
		P & L A/c	50,000
	6,85,000		6,85,000

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

To write off the goodwill A/C

To write off the debit Balance of the P & L A/c

To reduce the book values of the assets by the following Amount

Land & Building Rs.42,000

Plant & Machinery Rs.67,000

Stock Rs.33,600

To provide bad debts of 10% of the book value of the Debtors, show the journal entries to give effect to the scheme and prepare the revised Balance Sheet after its implementation.
