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 APRIL-2023
SEMESTER - III
20UAFCT3005 - Corporate Accounting

Total Duration : 2 Hrs. 30 Mins. Total Marks : 60

Section B

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

1. B Ltd. Issued 50,000 shares Rs.10 each to the public on condition that full amount of shares will be paid in a lump sum. All these shares were taken up and paid by the public. Prepare and Pass necessary journal entries if the shares are issued 1) at par 2) at premium of 10%.
2. Ambassadors limited issued 2,000 shares of Rs.100 each at a premium of 10% payable as follows. Rs.25 on application and Rs.35 on allotment including premium, Rs.20 on first call, Rs.30 on second call. 1,800 shares were applied for and allotted. All money was received with the exception of first and final call on 200 shares held by Raghu. These shares were forfeited. Narrate the journals.
3. How will you calculate Managerial Remuneration?
4. Rajan, a small scale industrialist decided to convert his firm into a limited company with effect from 1^{st} April 2020. But he obtained the certificate of incorporation on 1^{st} August on 2020 and the certificate to commence business on 1^{st} October 2020. His accounts were closed on 31^{st} December 2020. Find out the time ratio for the purpose of ascertaining pre incorporation profit.
5. Show the value of goodwill at 2 years purchase of last 4 years average profits. The profits were 2009 – 5000; 2010 – 4000; 2011 – 3000 (Loss); 2012 – 2000.
6. The following is the Balance Sheet of NSC Ltd. as on 31^{st} Dec 1998.

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**

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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).

7. What do you understand by "Capital Reduction"?

8. Marshall Ltd. has share capital of Rs.5,00,000 divided into 5,000 shares of Rs.100 each fully paid. Show the entries under each of the following conditions: (i) When Marshall Ltd. resolves to subdivide the shares into 50,000 shares of Rs.10 each fully paid. (ii) When Marshall Ltd. resolves to convert its 5,000 shares of Rs.100 each into Rs.5,00,000 worth of stock.

Section C

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

9. Sunshine Co. Ltd. issued 30,000 Equity shares of Rs.10 each and 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. Pass and Write necessary journal entries to record above issues of shares.

10. Explain the different methods of redemption of debentures.

11. The following balances have been taken from the books of JK chemicals Ltd. As on 31^{st} March 2021.You are required to prepare the balance sheet.

Particulars	**Rs.**	**Particulars**	**Rs.**
Share capital of Rs.10 each	2,00,000	Land & Building	10,00,000
9% Debenture	40,000	Plant & Machinery	9,00,000
Creditors	7,00,000	Govt.Secu	5,00,000
Bank Overdrafts	3,00,000	Capital Work in progress (Building)	6,00,000
Securities Premium	20,00,000	Furniture	60,000
Debt Balance in P & L St.	1,00,000	Debtors	50,000
Stock	1,00,000	Cash at bank	50,000
		Discount on Issues of Debentures	40,000

The balance in P&L Statement is before writing of discount on issues of debenture. Prepare the balance sheet of the company as per revised schedule III, Part – I of the Companies Act 2013.

12. On 31^{st} Dec 1998, the Balance Sheet of Ganesh Ltd. was as follows,

Liabilities	**Rs.**	**Assets**	**Rs.**
Share Capital		Land and Buildings	6,60,000
15,000 equity		Plant & Machinery	2,85,000
shares of Rs.100 each fully paid	15,00,000	Stock	10,50,000
Profit & Loss A/c	3,09,000	Sundry Debtors	4,65,000
Sundry Creditors	2,31,000		
Bank Overdraft	60,000		
Provision for taxation	1,35,000		
Dividend equalization fund	2,25,000		
	24,60,000		**24,60,000**

(1) The net profit of the company, after deducting all working charges and providing for depreciation and taxation were as under: 1994 – Rs.2,25,000; 1995 – Rs.2,88,000; 1996 – Rs.2,70,000; 1997 – Rs.3,00,000; and 1998 – Rs.2,85,000.

(2) On 31^{st} Dec. 1998, Land & buildings were valued at Rs.7,50,000 and Plant & Machinery at Rs.4,50,000.

(3) In view of the nature of the business, it is considered that 10% is a reasonable return on capital.

Calculate the value of the company's share after taking into account the revised values on fixed assets and your own valuation of goodwill based on four years purchase of the annual super profits.

13. The following is the Balance sheet of United Industries Ltd on 31^{st} Dec 2021

Liabilities	**Rs.**	**Assets**	**Rs.**
6,000 Preferece shares of Rs.100 each.	6,00,000	Goodwill	45,000
12,000 equity shares of Rs.100 each	12,00,000	Land building	6,00,000
Creditors	1,50,000	Plant & Machinery	9,00,000
Bank overdraft	3,00,000	Stock	1,30,000
8% Debentures	3,00,000	Debtors	1,40,000
		Cash	15,000
		Profit & Loss	7,00,000
		Preliminary Expenses	20,000
	25,50,000		**25,50,000**

On the above date, the company adopted the following scheme of reconstruction.

(i) The equity shares are to be reduced to shares of Rs.40 each fully paid and the preference shares to be reduced to fully paid shares of Rs.75 each.

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(ii) The Debenture holders took over stock and debtors in full satisfactions of their claims.

(iii) The Land & buildings to be appreciated by 30% and Plant and Machinery to be depreciated by 30%.

(iv) The fictitious and intangible assets are to be eliminated.

Expenses of Reconstruction amounted to Rs.5,000. Give Journal entries incorporating above the scheme of reconstruction and prepare the reconstructed balance sheet.

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