

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.(CA) END SEMESTER EXAMINATIONS APRIL-2023  
SEMESTER - III

**21UCCCT3004 - Corporate Accounting**

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

**Section B**

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

1. Journalize the following transactions:
  - a) X Ltd., issued 40,000 shares of Rs.10 each for cash. The whole amount is duly received.
  - b) Y Ltd., issued 10,000 shares of Rs.10 each for cash at a premium of Rs.2 each. The whole amount is duly received.
2. What are the various types of Underwriting?
3. Show the necessary entries for the following transactions at the time of issue of Debenture and Redemption of debenture:
  - a) Debenture issue at Rs.95, repayable at Rs.100
  - b) Debenture issue at Rs.95, repayable at Rs.105
  - c) Debenture issue at Rs.100, repayable at Rs.105
4. Determine the maximum remuneration payable to the part time director and manager of the B Ltd., (a manufacturing company) under section 309 and 387 of the Companies Act, 1956 from the following particulars:  
Before charging any such remuneration, the Profit & Loss Account showed a credit balance of Rs.23,10,000 for the year ended 31<sup>st</sup> March 1987 after taking into account the following matters:
 

	Rs.
a) Capital expenditure	5,25,000
b) Subsidy received from government	4,20,000
c) Special Depreciation	70,000
d) Multiple shift allowance	1,05,000
e) Bonus to foreign technicians	3,15,000
f) Provision for taxation	28,00,000
g) Compensation paid to injured workman	70,000
h) Ex-gratia to an employee	35,000
i) Loss on sale of fixed assets	70,000
j) Profit on sale of investment	2,10,000
5. The net profits of a company after providing for taxation, for the past five years are Rs.40,000; Rs.42,000; Rs.45,000; Rs.46,000 and Rs.47,000. The capital employed in the business is Rs.4,00,000 on which a reasonable rate of return of 10% is expected. It is expected that the company will be able to maintain its super profits for the next five years. Find the value of goodwill of the business on the basis of an annuity of super profits, taking the present value of annuity of one rupee for 5 years @ 10% interest at Rs.3.78.
6. Discuss the various methods of valuation of equity shares?
7. Illustrate the format of Revenue Account of Life Insurance Companies with imaginary figures.

**Contd...**

8. A Limited company issued 10,000 shares of Rs.10 each payable as follows:

Rs.3 on application

Rs.3 on allotment

Rs.4 on first and final call.

The company received 13,000 applications from the public. Applications for 1,500 shares were rejected and the excess application money received on the other 1,500 shares was adjusted towards allotment.

All the amounts due on the shares were received except the call money on 500 shares which were forfeited after due notice. Later 400 of the forfeited shares were reissued at Rs.8 per share.

Show the necessary journal entries and prepare Balance Sheet.

### Section C

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

9. On 1.1.2014, debentures of the face value of Rs.75,000 were issued at par, repayable at par at the end of 5 years. In terms of the trust deed, sinking fund was to be created for the purpose of accumulating sufficient funds. Investments were made yielding 5% interest at the end of the each year. All investments, including reinvestment of interest received, were made at the end of the year. It is ascertained that Rs.2,71,462 invested at the end of each year at 5% compound interest will amount to Rs.15 at the end of 5 years. Prepare the following Ledger Accounts for all the 5 years.  
a) Sinking Fund account and b) Sinking fund investment account. C) Interest on Sinking Fund Investment account.
10. The Alfa Manufacturing Company Ltd., was registered with a nominal capital of Rs.6,00,000 in equity shares Rs.10 each. The following is the list of balances extracted from its books on 31<sup>st</sup> Dec. 1996.

	Rs.
Calls-in-arrears	7,500
Premises	3,00,000
Plant & Machinery	3,30,000
Interim dividend paid on 1.8.96	37,500
Stock on 1.1.96	75,000
Fixtures	7,200
Sundry debtors	87,000
Goodwill	25,000
Cash in hand	750
Cash at bank	39,900
Purchases	85,000
Preliminary expenses	5,000
Wages	84,865
General expenses	16,835
Freight and carriage	13,115
Salaries	14,500
Director's fees	5,725
Bad debts	2,110
Debenture interest paid	9,000
Subscribed & fully called up capital	4,00,000
6% debentures	3,00,000
Profit & Loss A/c (credit balance)	14,500
Bills payable	38,000
Sundry creditors	50,000
Sales	4,15,000
General reserve	25,000
Bad debts reserve (1.1.96)	3,500

Ascertain Profit/loss by preparing Trading and Profit & Loss Account and Balance Sheet in proper form after making the following adjustments:

- (a) Depreciate Plant and Machinery by 10%
  - (b) Write off Rs.500 from preliminary expenses.
  - (c) Provide half years debenture interest due.
  - (d) Leave bad and doubtful debts reserve at 5% on sundry debtors.
  - (e) Closing stock Rs.95,000.
11. The authorized and paid up capital of a company consists of 1,000, 5% preference shares of Rs.100 each and 20,000 equity shares of Rs.15 each, all fully called up and paid up. A person holds 3,000 preference and 2,000 equity shares. Compute the value of equity shares held by the person assuming that the normal annual profit of the company is Rs.40,000 and the normal annual return on similar quality shares is 8% per annum. Assume that the company transfers 25% of the profit to general reserve and the profit above is profit after tax.
12. A firm earned net profits during the last three years as follows:
- I Year 36,000
  - II Year 40,000
  - III Year 44,000
- The capital investment of the firm is Rs.1,00,000. A fair return on the capital with regard to the risk involved is 10%.
- Calculate the value of goodwill on the basis of 3 year's purchases of super profit.
13. From the following particulars, prepare the Profit and Loss Account of Chennai Bank Ltd., for the year ending 31<sup>st</sup> March 1992.

	(Rs. in '000)
Interest on deposits	3,200
Commission(Cr.)	100
Interest on loans	2,490
Sundry charges(Dr.)	100
Rent and taxes	200
Establishment	500
Discount on bills discounted	1,490
Interest on overdrafts	1,600
Interest on cash credits	2,320
Auditors' fees	35
Directors' Fess	16
Bad debts to be written off	300

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