

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 NOVEMBER -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)

- Ram & Co. Ltd., issued 50,000 equity shares of Rs.10 each to the public on conditions that full amount of shares will be paid in a lump sum. All these shares were taken up and paid by the public. Pass journal entries in the books of company when
  - Shares are issued at par
  - shares are issued at a premium of 10% and
  - shares are issued at a discount of 10%.

- Bharat Ltd., issued 1,50,000 equity shares. The whole of the issue was underwritten as follows:

X - 50%; Y - 25% and Z - 25%

Applications for the 1,20,000 shares were received in all, out of which applications for 30,000 shares and the stamp of X, those for 15,000 shares that of Y and those for the 30,000 shares that of Z. The remaining applications for 45,000 shares did not bear any stamp.

Determine the liability of the underwriters.

- Calculate the amount of goodwill on the basis of three years purchase of the last five years average profit. The profits for the last five years are:

	Rs.
I Year	4,800
II year	7,200
III year	10,000
IV year	3,000
V year	5,000

- Rajan a small scale industrialist decided to convert his firm into a limited company with effect from 1<sup>st</sup> April 2016. But a obtained the certificate of incorporation on 1<sup>st</sup> August 2016 and the certificate to business on 1<sup>st</sup> October 2016. His accounts were closed on 31<sup>st</sup> December 2016.  
Find out the time ratio for the purpose of ascertaining the pre incorporation profit.

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5. From the following information determine the maximum remuneration available to a full time director of a manufacturing company. The profit & loss account of the company showed a net profit of Rs.40,00,000 after making into account the following items.

	Rs.
(i) Depreciation (including special depreciation of Rs.40,000)	1,00,000
(ii) Provision for income tax	2,00,000
(iii) Donation to political parties	50,000
(iv) Ex- gratia payment to worker	10,000
(v) Capital profit on sale of assets	15,000

6. Define shares and explain its types.
7. Discuss the factors affecting valuation of shares.
8. Timex Ltd., issued 1,000 8% debentures of Rs.100 each. Give appropriate journal entries in the books of the company, if the debenture were issued as follows:
- Issued at par, redeemable at par.
  - Issued at a discount of 5%, repayable at par.
  - Issued at a premium of 10%, repayable at par.
  - Issued at a par, redeemable at a premium of 10%.
  - Issued at a discount of 5%, repayable at a premium of 10%.
- You are also required to show how the items concerned appear in the Balance sheet in each of the above cases.

### Section C

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

9. Rajasree Ltd., invited applications for 20,000 shares of Rs.100 payable:  
 Rs.25 on applications  
 Rs. 35 on allotment  
 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 the journal entries and show the balance sheet of the company.
10. Amuthini Ltd., issued 1,50,000 equity shares. The whole of the issue was underwritten as follows:  
 X – 50%; Y – 25%; and Z- 25%  
 Application for the 1,20,000 shares were received in all, out of which applications for 30,000 shares and the stamp of X, those for 15,000 shares that of Y and those for 30,000 shares that of Z. The remaining applications for 45,000 did not bear any stamp.  
 Determine the liability of underwriter.

11. Iniyen & 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 31.12.2015 of which 2,500 shares were fully called up. The following balances extracted from the ledger as on 31.12.2015.

**Trail Balance of Iniyen & Co. Ltd.,**

<b>Debit</b>	<b>Rs.</b>	<b>Credit</b>	<b>Rs.</b>
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 (up to 31.3.2016)	6,720	Reserves	25,000
Salaries	18,500	Loans from managing director	15,700
Rent	6,000	Share capital	2,50,000
General expenses	8,950		
Printing	2,400		
Advertisement	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		
	<b>6,60,270</b>		<b>6,60,270</b>

You are required to prepare statement of Profit & Loss for the year ended 31.12.2015 and a 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 15.08.2015 for 6 months ending June 30,2015@6%.

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12. Sumo Ltd., was incorporated to take over the business of Jayanth on and from 1<sup>st</sup> January 2018. The following is the balance sheet of Jayanth as on 31<sup>st</sup> December 2017.

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Capital A/c	75,000	Land & Buildings	1,20,000
Loan creditors	90,000	Plant & Machinery	21,000
Trade creditors	54,000	Furniture	15,000
		Sundry debtors	63,000
	<b>2,19,000</b>		<b>2,19,000</b>

The company takes over the business with the fixed assets and loan creditors on the following basis:

- (i) Depreciate Land & Buildings and Plant & Machinery and furniture by 15%.
- (ii) The value of goodwill is estimated at Rs.67,800.

The company realized Rs.60,000 from sundry debtors, as agent of the vendors in full settlement and discharged all the trade creditors by paying Rs.50, 000.

The loan creditors accepted 9% preference shares of Rs.100 in discharged of the loans. On realization of debts and discharge of liabilities, the total amount due to the vendor was settled by issue of fully paid of equity shares of Rs.10 each.

Pass the journal entries for the above in the books of the company.

13. Explain in detail the various methods of valuation of Shares and Goodwill.

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