

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.(Hons) - END SEMESTER EXAMINATIONS NOVEMBER - 2023
SEMESTER - III

20UBHCT3013 - Corporate Accounting

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

Section B

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

1. The directors of 'Z' Co. Ltd., forfeit 10 shares of Rs.50 each belonging to 'Karthick' who had paid Rs.5 per share on application, Rs.10 on allotment and Rs.15 on first call but failed to pay the final call of Rs.20. The same shares are then reissued to 'Raj' as fully paid on receipt of Rs.400. Give journal entries with narration to record the forfeiture and the reissue of shares.

2. A firm earned net profits during the last three years as follows:

Year	Rs.
I	36,000
II	40,000
III	44,000

The capital investment of the firm is Rs.1,00,000. A fair return on the capital, having regard to the risk involved, is 10%. Compute the value of goodwill on the basis of 3 years purchase of super profit.

3. '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. Predict and Journalise the alterations.
4. Prepare a Deficiency A/c from the following particulars:

Particulars	Rs.
Excess of assets over liabilities	4,000
Loss in business	7,500
Profits	12,000
Drawings	15,000

Contd...

5. Give the format of statement of profit and loss as per Revised schedule VI.
6. From the following information you are required to compute (a) cost of sales (b) closing inventory as per CPP method, when the firm follows LIFO method for inventory valuation.

Particulars	Rs.
Inventory on 01.04.2016	1,20,000
Purchases during 2016-2017	7,20,000
Inventory on 31.03.2017	1,80,000

The firm has decided to adopt retail price index which was as follows: On 01.04.2016 = 100. On 31.03.2017 = 140. Average during 2016-2017 = 125.

7. Bee Ltd. has 60,000 equity shares of Rs.100 each, Rs.80 per share called up. Now the company decides to pay off Rs.20 per share of the paid up capital and at the same time to reduce the Rs.100 share to Rs.60 share fully paid up by cancelling the unpaid amount. Show journal entries.
8. Interpret the Powers of National Company Law Tribunal.

Section C

I - Answer any **TWO** questions (2 × 10 = 20 Marks)

9. Distinguish between the Balance Sheet and Statement of Affairs.
10. A company was incorporated on 1st May 2014 acquiring the business of a sole trader with effect from 1st January 2014. The accounts of the company were closed for the first time on 30th September 2014, disclosing a gross profit of Rs.1,68,000. The establishment expenses were Rs.42,660, directors fees Rs.3,000 per month, preliminary expenses written off Rs.4,000, rent upto June, 2014 was Rs.300 per month which was thereafter increased to Rs.750 per month. Salary to the manager was at Rs.1,500 per month who was appointed a director at the time of incorporation of the company.
Prepare a statement showing profits prior and subsequent to incorporation assuming that the net sales were Rs.24,60,000, the monthly average of which for the first four months of 2014 was half of that of the remaining period.

11. The Balance Sheet of Saraswati Co. Ltd., disclosed the following position as on 31st December 2018.

Liabilities	Rs.	Assets	Rs.
Share capital:		Goodwill	1,65,000
6,000 equity shares of Rs.100 each	6,00,000	Investments	5,25,000
Profit & Loss a/c	75,000	Stock	6,60,000
General reserve	2,25,000	Sundry debtors	3,90,000
6% debentures	4,50,000	Cash at bank	60,000
Sundry creditors	1,50,000		
Workmen's savings bank a/c	3,00,000		
	18,00,000		18,00,000

- (i) The profits for the past five years were:
2014 – Rs.30,000; 2015 – Rs.70,000; 2016 – Rs.50,000; 2017 – Rs.55,000;
and 2018 – Rs.95,000
- (ii) The market value of investments was Rs.3,30,000
- (iii) Goodwill is to be valued at three years purchase of the average annual profits for the last five years.

Ascertain the intrinsic value of each share.

12. ABC Company Ltd., passed resolution and got court permission for the reduction of its share capital by Rs.5,00,000 for the purposes mentioned as under:
- (i) To write off the debit balances of P & L a/c of Rs.2,10,000.
 - (ii) To reduce the value of plant and machinery by Rs.90,000 and goodwill by Rs.40,000.
 - (iii) To reduce the value of investments by Rs.80,000.

The reduction was made by converting 50,000 preference shares of Rs.20 each fully paid to the same number of preference shares of Rs.15 each fully paid and by converting 50,000 equity shares of Rs.20 each on which Rs.15 is paid up into 50,000 equity shares of Rs.10 each fully paid up. Assess and give journal entries to record the share capital reduction.

II - Compulsory question (1 × 10 = 10 Marks)

13. On 30th June 2021, the balance sheet of Pozhilan Ltd., stood as follows:

Liabilities	Rs.	Assets	Rs.
Equity share capital	10,00,000	Sundry assets	14,00,000
Redeemable pref. share capital	4,00,000	Bank	5,00,000
P & L a/c	3,00,000		
Sundry creditors	2,00,000		
	19,00,000		19,00,000

Contd...

On the above date, the preference shares had to be redeemed. For this purpose, 2,000 equity shares of Rs.100 each were issued at Rs.110. The company also issued 8% debentures totalling Rs.3,00,000. The shares and debentures were immediately subscribed and paid for. The preference shares were duly redeemed. Give journal entries and prepare the balance sheet after redemption.
