

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.(PA) END SEMESTER EXAMINATIONS NOVEMBER -2023

SEMESTER - III

21UPACT3005 - Corporate Accounting

Total Duration : 2 Hrs 30 Mins.

Total Marks : 60

Section B

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

- Kavitha Ltd., purchased of Mani Bros for Rs.54,00,000 payable in full paid shares of Rs.100 each. What entries will be made in the books of Kavitha Ltd., if such issue is (a) at par (b) at a premium of 20% and (c) at a discount of 10%?
- The following is the balance sheet of Moon Ltd., as on 31-12-2022

Liabilities	Rs.	Assets	Rs.
50,000 Equity Shares of Rs.10 each fully paid	5,00,000	Goodwill	40,000
Profit and Loss A/c	1,10,000	Machinery	2,00,000
Sundry Creditors	40,000	Land	1,50,000
Bills Payable	10,000	Investment	60,000
		Stock	1,00,000
		Debtors	80,000
		Cash at Bank	20,000
		Preliminary expenses	10,000
	6,60,000		6,60,000

From the above information, you are asked to compute the value of each equity share of the company in Net asset method.

- A Company was incorporated on 1.6.2021 in order to purchase a running business from 1.1.2021. The following particulars are available from its records.

Particulars	Rs.
(a) Total Sales	80,000
(b) Sales from 1.1.2021 to 31.5.2021	20,000
(c) Gross Profit for the year	30,000
(d) Total expenses of 2021 (Including directors fees Rs 1,000)	25,000
(e) Company Share capital	75,000

Prepare Profit prior to incorporation and after incorporation by preparing profit and Loss account.

- Explain the objectives of Human Resources Accounting.
- Evaluate the maximum remuneration payable to the part time directors and Manager of Bharat Ltd., (a manufacturing company) under section 309 and 387 of the Companies Act 2013 from the following particulars.

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Before charging any such remuneration, the Profit & Loss account showed a credit balance of Rs.23,05,000 for the years ended 31st March 2018 after taking into account the following matters.

	Rs.
(a) Profit on sale of investment	2,05,000
(b) Subsidy received from government	4,10,000
(c) Loss on sale of fixed assets	65,000
(d) Ex-gratia to an employee	30,000
(e) Compensation paid to injured workman	75,000
(f) Provision for Taxation	2,79,000
(g) Bonus to foreign exchange	3,12,000
(h) Multiple shift allowance	1,00,000
(i) Special depreciation	75,000
(j) Capital expenditure	5,10,000

Company is providing depreciation as per section 350 of the Companies Act -2013

6. From the following information Compute the value of goodwill on the basis of three years purchase of the Super profit.
- (a) Average capital employed in the business Rs.7,00,000
 - (b) Net trading profit of the firm for the past three years Rs.1,07,000; Rs.90,700 and Rs.1,12,500.
 - (c) Rate of interest expected from capital having regard to the risk involved Rs.12%
 - (d) Fair remuneration to the partner for their services Rs.12,000 per annum.
 - (e) Sundry assets of the firm Rs.7,54,762
 - (f) Sundry liabilities of the firm Rs.31,329.
7. Mr.Roshan Ltd., was formed with an authorised capital Rs.12,00,000 divided into equity shares of Rs.10 each, to acquire the business of 'A and B' whose balance sheet on the date of acquisition was as follows.

Liabilities	Rs.	Assets	Rs.
Capital	6,00,000	Freehold premises	7,00,000
General reserve	4,00,000	Stock	2,00,000
Sundry Creditors	2,00,000	Sundry Debtors	1,60,000
		Less: Provision for bad debts	10,000
			1,50,000
		Cash at bank	1,50,000
	12,00,000		12,00,000

The purchase consideration was agreed upon at Rs.14,00,000 to be paid in Rs.12,00,000 fully paid equity shares at Rs.11 and the balance in cash. Prepare journal entries to record the above and examine the balance Sheet of Mr.Roshan Ltd., assuming the vendors account is finally settled.

8. Assess the objectives of computerized accounting.

Section C

Answer any **THREE** questions (3 × 10 = 30 Marks)

9. The following is the summarised balance sheet of a company

Liabilities	Rs.	Assets	Rs.
10% Redeemable Preference Shares 1,000 Shares of Rs.100 each	1,00,000	Sundry Assets	8,10,000
50,000 Equity Shares of Rs.10 each fully paid	5,00,000	Cash at bank	90,000
Sundry Creditors	1,50,000		
General reserve	1,00,000		
Capital Reserve	50,000		
	9,00,000		9,00,000

For the purpose of redemption of preference shares, the company made a fresh issue of 4,500 equity shares of Rs.10 each, at a premium of 10%. The preference shares were redeemed at a premium of 10%. Show journal entries and prepare the balance sheet after redemption.

10. The following is the Trial Balance of Mr.Arun Ltd., as on 36.6.2021

Particulars	Debit Rs.	Credit Rs.
Stock on 30.06.2020	7,500	
Purchase and Sales	24,500	35,000
Wages	5,000	
Discount	700	500
Salaries	750	
Rent	495	
Insurance	1,075	
Profit & Loss A/c (2020)		1,503
Dividend paid	900	
Capital		10,000
Debtors and Creditors	3,750	1,750
Machinery	2,900	
Cash at bank	1,620	
Reserve		1,550
Bad Debts	483	
	50,303	50,303

Adjustments:

- Stock on 30.6.2021 Rs.8,200
- Depreciate machinery at 10%
- Provide 5% discount on debtors
- Provide 2.5% discount on debtors
- Six months insurance was unexpired at Rs.75 per annum
- One month rent Rs.540 per annum was due on 30th June
- Provide Managing Directors Commission, 15% on the net profits before deducting his commission.

You are required to prepare Statement of Profit & Loss Account for the Year ended 30.06.2020.

11. The following is the Balance sheet of Quality Traders Ltd., as at 30th April 1998.

Liabilities	Rs.	Assets	Rs.
Share capital	3,28,000	Fixed assets	1,80,000
Reserve	80,000	Current assets	2,44,080
Creditors	76,080	Investment in shares	60,000
	4,84,080		4,84,080

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The following net profits were earned which included a fixed income from investment of Rs.4,000 p.a.

Year ended 30th April 1995 - Rs.64,000

Year ended 30th April 1996 - Rs.72,000

Year ended 30th April 1997 - Rs.86,000

Year ended 30th April 1998 - Rs.90,000

Standard rate of return on capital employed in such type of business is 8%.

Compute the amount of goodwill of the above business at three years' purchase of the average super profits for four years assuming that each year's profit was fully distributed as dividend among the shareholders. Use weighted average for calculating average profits.

12. From the following particulars, Solve profit prior to and after incorporation

(a) Time Ratio - 3:5

(b) Sales ratio – 4:6

(c) Gross Profit - Rs.10,00,000

(d) Expenses debited to Profit and Loss A/c were

	Rs.
Salaries	96,000
General Expenses	12,000
Discount on Sales	40,000
Advertisement	50,000
Preliminary expenses	70,000
Rent and Rates	15,000
Printing and Stationary	65,000

(e) Incomes credited to Profit and Loss account were

Rent Received 18,000

Interest Received 50,000

13. Evaluate the various approaches for the valuation of Human resources.
