

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 NOVEMBER -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. Explain Forfeiture and Reissue of shares.
2. Explain the various kinds of Companies.
3. 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:
 - (a) Issued at par, redeemable at par.
 - (b) Issued at a discount of 5%, repayable at par.
 - (c) Issued at a premium of 10%, repayable at par.
 - (d) Issued at par, redeemable at a premium of 10%.
 - (e) 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.
4. Calculate the amount of goodwill at 3 years purchase of average profits of the past four years the profits for the last 4 years are 2010 - 50,000, 2011 - 58,500, 2012 - 48,300, 2013 - 51,400.
5. The following is the Balance Sheet of NSC Ltd., as on 31st 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

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.

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6. The Trail Balance of the Nedungadi Bank Ltd., as on 30th 1984 shows the following balances.

	Rs.
Interest and discount	45,40,600
Rebate on bills discounted (1.7.83)	4,750
Bills discount and purchased	3,37,400

The unexpired discount as on 30.6.84 is estimated to be Rs.5,560. Draft necessary adjusting entries and calculate the amount of interest and discount to be credited to Profit and Loss Account.

7. Max Fire Insurance company Ltd., received Rs.9,50,000 as premium on new policies and Rs.3,90,000 a renewal premium. The company also received Rs.2,75,000 towards reinsurance accepted and paid Rs.1,90,000 towards insurance ceded. How much will be credited to revenue account towards premium? Also compute reserve for unexpired risk at 50% of premium.
8. From the following balances, prepare Balance sheet of a company in the prescribed format. Goodwill Rs.1,50,000; Investments Rs.2,00,000; Share capital Rs.5,00,000; Reserves Rs.1,10,000; Securities premium Rs.15,000; Preliminary expense Rs.10,000; Profit and Loss account (Cr) Rs.25,000; Debentures Rs.2,50,000. Other fixed assets Rs.4,70,000; Stock Rs.80,000; Debtors Rs.60,000; Bank balances Rs.30,000; Unsecure loan Rs.65,000; Sundry creditors Rs.35,000.

Section C

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

9. M Ltd., invited application for 20,000 shares of Rs.100 each payable
Rs.25 on application
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 journal entries and show the balance sheet of the company.
10. A company has 10,000 9% redeemable preference shares of Rs.100 each fully paid. The company decides to redeem the shares on 31st Dec 2004 at a premium of 10%. The company makes the following issues :
- a) 6,000 equity shares of Rs.100 each at a premium of 10%
 - b) 4,000 8% Debentures of Rs.100
- The issue was fully subscribed and allotments were made. The redemption was duly carried out. The company has sufficient profits. You are required to give the necessary entries.

11. From the following information compute the value of goodwill as per annuity method
Average capital employed Rs.10,00,000.
Normal rate of return of profit 10%.
Profits: 1991- 1,40,000; 1992 - 1,22,000; 1993- 1,70,000.
Profits for 1992 have been arrived at after writing off abnormal loss of Rs.10,000 and profits of 1993 include a non-recurring income of Rs.22,000 goodwill is to be calculated on the basis of annuity of 3 years purchase of super profits. The present value of annuity of Re.1 for 3 years at 10% is Rs.2.4868.
12. From the following information calculate the value per equity share
5,000 8% preference shares of Rs.100 each - 5,00,000
75,000 equity shares of Rs.10 each Rs.8 per share paid up - 6,00,000
Expected profits per year before tax 2,80,000
Transfer to general reserve every year - 20% of the profit
Normal rate of earnings - 10%
13. Explain in detail the different types of Insurance.
