

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. ISM - END SEMESTER EXAMINATIONS APRIL - 2024
SEMESTER - V

20UBICT5010 - Corporate Accounting

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

Section B

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

1. Illustrate with journal entries: Issue of shares at 'Par', at 'Premium' and at 'Discount'.
2. TT Ltd., Issued 50,000 equity shares of Rs.10 each at par. The entire issue was underwritten as follows:
A – 30,000 shares (Firm underwriting 4,000)
B – 15,000 shares (Firm underwriting 5,000)
C – 5,000 shares (Firm underwriting 1,000)
The total applications including firm underwriting were for 40,000 shares. The marked applications were as follows:
A-10,000 shares; B – 7,000 shares and C – 3,000 shares
The underwriting contract provides that credit for unmarked applications be given to the underwriters in proportion to the shares underwritten.
Compute the liability of each underwriter and amount of commission payable to them assuming the rate to be 2% on issue price.
3. Goutham Ltd., Issued 15,000 8% debentures of Rs.100 each at a discount of 5% payable after 5 years at a premium of 5%. You are required to show the journal entries at the time of issue and redemption of debentures.
4. From the following particulars, ascertain profit prior to incorporation:
Time ratio = 1:2; Sales ratio = 1:3
Gross profit = Rs.1,70,500
Administrative expenses = Rs.69,600
Expenses related to sales = Rs.18,600
Preliminary expenses = Rs.11,560
5. Balance sheet of a company as on 31st March 2007.

Liabilities	Rs.	Assets	Rs.
Share capital of Rs.10 each	1,00,000	Fixed assets	50,000
Creditors	50,000	Current assets	30,000
		P and L A/c	50,000
		Goodwill	20,000
	1,50,000		1,50,000

Reduce Rs.7 per share and wipe losses. Sketch journal entries.

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6. From the following balances, prepare the Balance sheet of a Company in the prescribed format.

Particulars	Rs.	Particulars	Rs.
Goodwill	1,50,000	Investments	2,00,000
Share capital	5,00,000	Reserves	1,10,000
Securities premium	15,000	Preliminary expenses	10,000
Profit and Loss A/c (cr.)	25,000	Debentures	2,50,000
Other fixed assets	4,70,000	Stock	80,000
Debtors	60,000	Bank balances	30,000
Unsecured loan	65,000	Sundry creditors	35,000

7. Compute the amount of goodwill under super profit method for the 3 years as follows:

Year	2002	2003	2004
Profit	25,000	40,000	55,000

The capital invested by the firm is Rs.2,50,000. A normal rate of return on capital is at 10%. Goodwill is based on 3 years of purchase.

8. Examine the fundamental assumptions underlying the preparation and presentation of financial statements as per AS -1.

Section C

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

9. Good Prospectus Ltd., Issued 40,000 shares of Rs.10 each at a premium of Rs.2 per share. The shares were payable as follows:

Rs.2 on Application

Rs.5 on Allotment (including premium)

Rs.5 on First and Final call

All the shares were applied for and allotted. All moneys were received with the exception of the first and final call on 1000 shares which were forfeited. 400 of these were reissued as fully paid at Rs.8 per share. Sketch the necessary Journal entries.

10. Ganesh Limited was registered on 1.7.2017 to acquire the running business of Sun Company with effect from 1.1.2017. The following was the profit and loss account of the company on 31.12.2017.

Particulars	Rs.	Particulars	Rs.
To Office expenses	54,000	By Gross profit	2,25,000
To Formation expenses (Written off)	10,000		
To Stationery and postage	5,000		
To Selling expenses	60,000		
To Directors fees	20,000		
To Net profit	76,000		
	2,25,000		2,25,000

You are required to prepare a statement showing profit earned by the company in the pre and post incorporation periods. The total sales for the year took place in the ratio 1:2 before and after incorporation respectively.

11. XYZ Ltd., resolved to reduce its capital to 50,000 fully paid Rs.5 shares and to eliminate share premium A/c. The Company's B/S prior to implementation of the scheme was:

Liabilities	Rs.	Assets	Rs.
Share capital of Rs.10 each	5,00,000	Goodwill	1,00,000
Share premium	50,000	Land and Building	1,62,000
Creditors	62,000	Plant and Machinery	2,07,000
Bank overdraft	73,000	Stock	92,000
		Debtors	74,000
		P and L A/c	50,000
	6,85,000		6,85,000

- (a) To Write off the goodwill and P and L A/c
 (b) To reduce the book value of assets: Land and Building Rs.42,000; Plant and Machinery Rs.67,000; Stock Rs.33,600; Provide 10% Bad debts reserve on debtors.

Show necessary journal entries and prepare revised balance sheet.

12. The following ledger balances were extracted from the books of Varun Ltd., as on 31.03.2021

Particulars	Rs.	Particulars	Rs.
Land and building	2,00,000	12% Debentures	2,00,000
Share capital	10,00,000	Plant and Machinery	8,00,000
Goodwill	2,00,000	Investment in shares	2,00,000
General reserve	1,95,000	Stock in trade	1,00,000
Bills receivable	50,000	Debtors	1,50,000
Creditors	1,00,000	Bank loan (unsecured)	1,00,000
Provision for tax	50,000	Proposed dividend	55,000

Design the Balance sheet of the company as per Revised schedule of the Companies Act.

13. Assess the disclosure requirements relating to fixed assets under AS-10.
