

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. A&F - END SEMESTER EXAMINATIONS - NOV'2024

SEMESTER - III

20UAFCT3005 - Corporate Accounting

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

Section B

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

1. Mukesh Limited Company issued 1,00,000 equity shares at Rs.10 each at a premium of Rs.2 per Share payable as follows:
On application Rs.2
On allotment Rs.5 (including premium)
On 1st Call Rs.3
On final call Rs.2
All the Shares offered were subscribed by the Public and Cash fully received make the necessary journal entries.
2. Simbu and Sankar have underwritten the issue of 10,000 equity shares of Rs.10 each by GH Co. Ltd., in the ratio of 6:4. The Company received 8,000 application of which 4,000 and 2,500 were marked in a favour of Simbu and Sankar Respectively. Determine the obligation of underwriters and give journal entries in the books of company.
3. Sun and Moon Ltd., has part of it's share capital in 2,000; 12% Redeemable Preference Shares of Rs.100 each, repayable at a premium of 5%. The Shares have now become ready for redemption. It is decided that the whole amount will be redeemed out of a fresh issue of Rs.10 each at Rs.11 each. The whole amount is received in cash and the 12% preference shares are redeemed. Show the necessary journal entries in the books of the company.
4. 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.
 - (i) Depreciation (including special depreciation of Rs.40,000) Rs.1,00,000
 - (ii) Provision for income tax Rs.2,00,000
 - (iii) Donation to political parties Rs.50,000
 - (iv) Ex-gratia payment to a worker Rs.10,000
 - (v) Capital profit on sale of assets Rs.15,000

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5. Heenaa Ltd., proposed to purchase the business carried on by Thiru.Simbu. Goodwill for this purpose is agreed to be valued at 3 Years purchase of the average profit for the past 4 years. The appropriate weights to be used are 2014 – 1, 2015 – 2, 2016 – 3, 2017 – 4. Profit for this years were 2014 – Rs.10,000; 2015 – Rs.11,000; 2016 – Rs.12,000; 2017 – Rs.15,000. Calculate goodwill.
6. Find out goodwill by capitalising super profits;
- Normal rate of return 12%.
 - Profit for the last four years are:
Rs.30,000; Rs.40,000; Rs.50,000 and Rs.45,000.
 - Non-recurring income of Rs.3,000 is included in the above in the mentioned profit of Rs.30,000.
 - Average capital employed is Rs.3,00,000.
7. Write a short note on Ind As-1 and Ind As-2.
8. Explain the meaning and objectives of Indian Accounting Standards.

Section C

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

9. Durai Ltd., acquired land costing Rs.5,00,000 and in payment allotted 5,000 equity shares of 100 each as fully paid further the company issued 20,000 equity shares to the public the shares were payable as follows.
Rs.30 on application
Rs.30 on allotment
Rs.40 on first and final call
The public applied for all the shares and they were allotted. All the money was received except the call on 1000 shares. Give journal entries and the balance sheet of the company.
10. XYZ Ltd., had issued 20,000 equity shares of Rs.100 each fully paid and 12,000 redeemable preference shares of Rs.100 each fully paid. On 31st December 1997, the profit & loss A/c showed an undistributed profit of Rs.2,00,000 and the General Reserve Account stood at Rs.5,60,000.
On 1.1.1998, the directors decided to issue 6,000; 9% preference shares of Rs.100 each and to redeem the existing redeemable preference shares at Rs.110 each utilising as less profits as possible for the purpose.
Pass necessary journal entries to record the above transactions. There was a bank balance of Rs.8,00,000 on that date.

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11. The following trial balance of Ponni Ltd., as at 31st Dec.2018 is given to you:

Debits	Rs.	Credits	Rs.
Stock (1.1.2018)	80,000	8000 equity shares of Rs.100 each Rs.75 paid	6,00,000
Bank	17,600	6%debentures	2,00,000
Patents	60,000	Sundry creditors	1,00,000
Calls-in arrears	20,000	General reserve	80,000
Return inwards	30,000	Sales	10,00,000
Purchases	7,72,000	Returns outward	20,000
Wages	1,08,000	P&L A/c (Cr.)	12,000
Insurance prepaid	400		
Bills receivable	30,000		
Sundry debtors	80,000		
Discount on issue of debentures	10,000		
Plant & Machinery	4,00,000		
Land and Building	3,00,000		
Insurance	4,000		
General expenses	40,000		
Establishment expenses	60,000		
	20,12,000		20,12,000

Additional information:

- 1) The value of stock on 31st Dec.2018 was Rs.74,000
- 2) Outstanding wages totaled Rs.10,000
- 3) A provision 5% is to be created on sundry debtors for doubtful debts.
- 4) Depreciate patents @10% and plant & Machinery @ 7.5% and & buildings @4%.

You are required to prepare statement of profit & loss for the year ended 31.12.2018 and balance sheet as on that date.

12. Describe the various methods of valuation of shares.

13. Discuss the applicability of International Financial Reporting Standards (IFRS) in India and its impact on Indian Accounting Standards.
