

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. Honours - END SEMESTER EXAMINATIONS - NOV'2024

SEMESTER - III

23UBHCT3009- Corporate Accounting

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

Section B

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

1. Compute the liability of the underwriters of X limited, issued 3,50,000 equity shares of ₹10. The whole issue was fully underwritten by A, B, C and D, follows:

A-1,40,000 Shares; B-1,05,000 Shares; C-70,000 Shares; D-35,000 Shares.

Applications were received from 3,50,000 shares of which marked applications were:

A-1,54,000 shares; B-77,000 shares; C-63,000 shares and D-7,000 shares.

2. Compute the maximum remuneration payable to the part-time directors and manager of B Ltd., (a manufacturing company) from the following particulars. Before charging such remuneration, statement of Profit & Loss account showed accredit balance of ₹23,10,000 for the year ended 31.3.2024 after taking into the following matters:

- i) Capital expenditure ₹5,25,000
- ii) Subsidy received from government ₹4,20,000
- iii) Special Depreciation ₹70,000
- iv) Multiple shift allowance ₹1,05,000
- v) Bonus to foreign technicians ₹3,15,000
- vi) Provision for taxation ₹28,00,000
- vii) Compensation paid to injured workman ₹70,000
- viii) Ex-gratia to an employee (without liability) ₹35,000
- ix) Loss on sale of fixed assets ₹70,000

Profit on sale of investment ₹2,10,000

3. Prepare a statement showing profit earned by Ganesh Ltd., in the pre and post incorporation periods. The company was registered on 1.7.2023 to acquire the running business of Suneel & Co. with effect from 1.1.2023. The total sales for the year took place in the ratio of 1:2 before and after incorporation respectively.

The following was the Profit & Loss account of the company on 31-12-2023.

Particulars	₹	Particulars	₹
To Office expenses	54,000	By Gross profit	2,25,000
To Formation expenses (written off)	10,000		
To Stationery & Postage	5,000		
To Selling expenses	60,000		
To Directors' fees	20,000		
To Net Profit	76,000		
	2,25,000		2,25,000

4. Show journal entries for the following transactions in connection with internal reconstruction:
- i) 30,000 equity shares of ₹10 each fully paid reduced to shares of ₹5 each fully paid
 - ii) 300 9% debentures of ₹1,000 each converted into 1,500 12% debentures of ₹100 each.
 - iii) The debit balance of profit and loss account ₹1,50,000 and the preliminary expenses of ₹30,000 were written off.

The value of Plant & Machinery and stock were written down by 60,000 and ₹30,000 respectively.

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5. Prepare journal entries to record the below transactions.
- XYZ Ltd., have part of their share capital in 2,500 6% Redeemable Preference shares of 100 each.
 - The company decided to redeem the Preference Shares at Premium of 10%.
 - The general reserve of the company shows a credit balance of 3,00,000.
 - The directors decide to utilize 60% of the reserve in redeeming the preference shares and the balance is to be met from the proceeds of fresh issue of sufficient number of shares of 10 each.
 - The premium is to be met from the year's Profit and Loss appropriation account.
6. Prepare Balance sheet from the following information:
- | | | | |
|--------------------|------------|----------------------|------------|
| Goodwill | ₹1,50,000; | Investment | ₹2,00,000; |
| Share capital | ₹5,00,000; | Reserves | ₹1,10,000; |
| Securities Premium | ₹15,000; | Preliminary expenses | ₹10,000; |
| P&L(Cr.) | ₹25,000; | Debentures | ₹2,50,000. |
| Other fixed assets | ₹4,70,000; | Stock | ₹80,000; |
| Debtors | ₹60,000; | Bank | ₹30,000; |
| Unsecured loan | ₹65,000; | Sundry Creditors | ₹35,000. |
7. Compute the value of goodwill of the business on the basis of 3 years purchase super profit taking average of the last four years.
- The following particulars are available in respect of the business carried on by John.
- Capital invested - ₹50,000
 - Trading results: 1990 Profit ₹12,200 ; 1991 Profit ₹15,000; 1992 Loss ₹2,000 ; 1993 Profit ₹21,000
 - Market rate of interest on investment 8%
 - Rate of risk return on capital invested in business 2%
 - Remuneration from alternative employment of the proprietor (if not engage business) - ₹3,600 p.a.
8. Ascertain the procedures to be followed for reducing share capital.

Section C

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

9. Show journal entries in the books of Subhas Limited. The company invited applications for 2,000 equity shares of Rs.100 each at a premium of Rs.10 per share. Payment was to be made as follows: On application-₹25 On allotment -₹35 (including premium) On first call - ₹20 On final call-₹30 Applications totalled for 1,800 shares. The directors made both the calls and all the money were received except the first & final call on 300 shares which were forfeited after the required notices were served. Later 200 of the forfeited shares were reissued as fully paid @ ₹85 per share.
10. Prepare necessary ledger accounts for all the three years in the company's books. Calculations may be made to the nearest rupee.
- Samy Ltd., issued 6% debentures for 12,00,000 on 1.1.2020. It was provided in the debenture interest deed that the debentures are repayable at the end of 2022 with a premium of 10%. A sinking fund was created for the redemption on the due date. The amount set aside annually are to be invested in 5% government bonds. Sinking fund table shows that 0.31720856 at 5% compound interest in three years will become ₹1.

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11. Prepare revised balance sheet followed by journal entries.

Liabilities	₹	Assets	₹
Issued & Paid up Share capital: 10,000 equity shares of Rs.10 each fully paid	1,00,000	Goodwill	10,000
10,000 7% preference shares of Rs.10 each fully paid	1,00,000	Other fixed assets	90,000
		Stock	25,000
		Debtors	30,000
		P&L A/c	45,000
	2,00,000		2,00,000

- i) It was resolved that equity share capital of ₹10 each be reduced to fully paid 7.5% shares of ₹6 each
- ii) 7% preference shares of ₹10 each be reduced to fully paid preference shares of ₹7 each
- iii) Number of shares in each case remain the same
- iv) It was further resolved that amount so available be used for writing of the debit balance of profit & loss account and goodwill account and other fixed assets to the extent possible.
- v) There were arrears of preference dividend for the last three years and it was decided that they be cancelled.

12. Determine the various factors affecting goodwill.

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

13. Prepare statement of Profit or Loss for the year ended 31.3.2024 and Balance sheet of ABC limited company which was registered with an authorised capital of ₹30,00,000 equity shares of ₹10 each. Depreciate Plant & Machinery by 10%. Provide half interest on debentures. Make the provision for bad & doubtful debts ₹4,250 on sundry Debtors. Stock on 31st March 2024 was ₹4,55,000. Following is the list of balances extracted from its books on 31.3.2024:

Particulars	₹	Particulars	₹
Purchases	9,25,000	General Expenses	84,175
Wages	4,24,325	Stock on 1-4-2023	3,75,000
Manufacturing Expenses	65,575	Goodwill	1,00,000
		Cash in hand	28,750
		Cash at Bank	2,22,000
Directors Fees	33,625	Share Capital	20,00,000
Debenture interest paid	45,000	Surplus A/c (Credit balance)	72,500
Calls in Arrear	37,500	6% Debentures	15,00,000
Plant & Machinery	15,00,000	Sundry Creditors	2,90,000
Premises	16,50,000	Bills Payable	1,67,500
Interim dividend paid	1,87,500	Sales	20,75,000
Furniture & Fixtures	35,000	General Reserve	1,25,000
Sundry Debtors	4,36,000		
