21UPACT3005

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 - NOV'2024
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)

1. Batliboi Co. Ltd., issued 50,000 equity shares of Rs.10 each to the public on condition that full amount of shares will be paid in a lump sum. All these shares were taken up and paid by the public. Pass journal entries in the books of company when a) shares are issued at par b) Shares are issued at a premium of 10% and c) Shares are issued at a discount of 10%.

2. Symcox Ltd., issued 75,000 equity shares or Rs.10 each and 5,000 Redeemable Preference Shares of Rs.100 each all shares being fully called and paid up on 31.3.1992. Profit and Loss account showed undistributed profits of Rs.3,00,000 and General reserve stood at Rs.2,50,000, on 1.4.1992, the directors to redeem the existing preference shares at Rs.105 utilizing as much profits as would be required for the purpose. You are required to pass journal entries in the books of the company.

3. From the following items found in the trial balance of a company on 31.12.1998 and the adjustments given thereunder, show how the items would appear in the relevant accounts.

Trial balance

Particulars	Rs.	Rs.
Advance tax paid (1997)	30,000	-
Provision for taxation (1997)	-	40,000
Tax deducted at source	5,000	-

Adjustments:
a) Income tax for 1997 has been assessed at Rs.50,000 against which the advance payment of tax and tax deducted at source are to be adjusted.
b) Provide Rs.30,000 for taxation on current profits.

4. Calculate the amount of goodwill on the basis of three years purchase of the last five years' average profits. The profits for the last five years are:
I year – Rs.4,800; II year – Rs.7,200; III year – Rs.10,000; IV year – Rs.3,000;
V year – Rs.5,000.

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5. Explain the objectives of Indian Accounting Standards.

6. Kailash Ltd., Purchased the business of Mani Bros. for Rs.54,00,000 payable in fully paid shares of Rs.100 each. What entries will be made in the books of Kailash Ltd., if such issue is a) at par b) at a premium of 20% and c) at a discount of 10%?

7. The following extract from the B/s of Gayathri Co. Ltd., as on 31^{st} Dec. 1997, is given to you.

	Rs.
Share capital	
2,00,000 Equity shares of Rs.10 each	20,00,000
3,00,000 6% redeemable Preference Shares of Rs.10 each	30,00,000
Capital reserve	15,00,000
General reserve	9,00,000
P&L A/c	25,50,000

The company exercises its option to redeem the preference shares on 1^{st} Jan. 1998. The company has sufficient cash. Give journal entries to record the redemption.

8. From the following particulars, determine the maximum remuneration available to a full time director of a manufacturing company. The profit and Loss Account of the company showed a net profit of Rs.40,00,000 after taking into account the following items:
   a) Depreciation (including special depreciation of Rs.40,000) – Rs.1,00,000
   b) Provision for income tax – Rs.2,00,000
   c) Donation to political parties – Rs.50,000
   d) Ex-gratia payment to a worker – Rs.10,000
   e) Capital profit on sale of assets – Rs.15,000

Section C

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

9. A company issues 10,000 equity shares of Rs.10 each at par. The issue was underwritten by K & Co., for maximum commission permitted by law. The public applied for and received 8,000 shares. Give journal entries in the company's books and also prepare balance sheet.

10. A company has 10,000 9% redeemable preference shares of Rs.100 each fully paid. The company decides to redeem the shares on 31^{st} Dec. 1997 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%.

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b) 4,000 8% Debentures of Rs.100 each. 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. The following are the extracts from the Trial Balance of a company on 31.12.98.

Particulars	Rs.	Rs.
Provision for taxation (1997)	-	50,000
Advance tax paid for 1997	40,000	-
Advance tax paid for 1998	50,000	-
Tax deducted at source (1998)	5,000	10,000
Profit & Loss A/c	-	1,00,000

Assessment for the year 1997 was finalized during the year 1998. The final total tax liability for that year was fixed at Rs.58,000. The net profit earned by the company during 1998 before tax amounts to Rs.1,60,000. The company is in 50% tax bracket. You are required to pass the necessary journal entries and show how the various items will appear in the company's Final accounts.

12. A firm earned net profits during the last three years as follows:
I year – Rs.36,000, II year – Rs.40,000, III year – Rs.44,000.
The capital investment of the firm is Rs.1,00,000. A fair return on the capital, having regard to the risk involved, is 10%.
Calculate the value of goodwill on the basis of 3 years' purchase of super profit.

13. Explain the International Financial Reporting Standard (IFRS) and its Applicability in India.

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