

(NO. OF PAGES: 7)

(FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2022-ONLY)

SUBJECT CODE **22 UPA 305**

REG.NO. :

N.G.M.COLLEGE (AUTONOMOUS): POLLACHI

END-OF-SEMESTER EXAMINATIONS: NOVEMBER2023

B.Com P.A

MAXIMUM MARKS: 50

SEMESTER: III

TIME : 3 HOURS

PART - III

CORPORATE ACCOUNTING

SECTION - A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS.

(K1)

1. Share allotment is a _____
a. Personal A/c b. Real A/c c. Impersonal A/c d. Nominal A/c
2. Capital Redemption reserve is created _____
a. Out of share forfeiture a/c b. To meet legal requirements
c. Out of securities premium a/c d. Voluntarily
3. Preliminary expenses written off is shown in the statement of profit and loss account under _____
a. Employees benefit expenses b. Other expenses
c. Finance costs d. Depreciation and amortization expenses
4. The value of goodwill according to the simple profit method is:
a. The product of current year's profit and number of years;
b. The product of last year's profit and number of years;
c. The product of average profits of the given year's and number of years
d. The product of total profits
5. A contributory is a
a. Unsecured creditors b. Preferential creditors
c. Shareholder d. Debenture holder

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Define shares.
7. What do you mean by Capital Redemption Reserve Account?
8. List out the items that appear under employees benefit expenses.
9. Define 'Goodwill'.
10. Define 'Contributory'.

SECTION – B

(5 X 3 = 15 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.(K3)

11. a). 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%.
 - c. Shares are issued at a discount of 10%.

(OR)

b). Mr.Senthil is a shareholder in Kiran Ltd. holding 2,000 shares of Rs.10 each. He has paid Rs.2 and Rs.3 per share on application and allotment respectively. But failed to pay Rs.3 and Rs.2 per share for first and second calls respectively. Directors forfeit his shares. Give journal entry.

12. a). Sterling Ltd. has part of their share capital in 2,500 6% Redeemable Preference shares of Rs.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 Rs.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 Rs.10 each. The premium is to be met from the years Profit and Loss appropriation account.

Give journal entries to record the above transactions.

(OR)

b). Explain the various types of debentures issued by a company.

13. a). From the following balances, prepare the 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 expenses - Rs.10,000
 Profit and Loss A/c (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 balance - Rs.30,000
 Unsecured loan - Rs.65,000
 Sundry creditors - Rs.35,000.

(OR)

b). Calculate, the managerial remuneration from the following particulars of Ankit and Company Ltd. Due to managing director of the company at the rate of 5% of the profits. Also determine the excess remuneration paid , if any:

	Rs.
Net profit	2,00,000
Net profit is calculated after considering the following:	
1. Depreciation	40,000
2. Tax provision	3,20,000
3. Directors fees	8,000
4. Bonus	15,000
5. Profit on sale of fixed assets (original cost Rs.20,000, written down value Rs.11,000)	15,500
6. Provision for doubtful debts	9,000
7. Scientific research expenditure (for setting up new machinery)	20,000

8.Managing director remuneration paid	30,000
Other information:	
a. Depreciation allowable according to the Companies Act -2013	35,000
b. Bonus liability as per Payment of Bonus Act -1965	18,000

14. a). Calculate the amount of goodwill in the following case, on the basis of three years purchase of the last four years average profits. The profits and losses for the last four years are:

Year	Rs.
1995	10,000
1996	16,000
1997	6,000 (loss)
1998	12,000

(OR)

b). From the following particulars, compute the value per equity share under Net Asset method:

Total assets at market value - Rs.49,80,000
Total outside liabilities - Rs.19,00,000
2,00,000 equity shares of Rs.10 each - Rs.20,00,000

15. a). Discuss the various methods of winding up of a company.

(OR)

b). The following particulars relate to a limited company which went into voluntary liquidation:

Preferential creditors - Rs.25,000
Unsecured creditors - Rs.58,000
6% debentures - Rs.30,000

The assets realised Rs.80,000. The expenses of liquidation amounted to Rs.1,500 and the liquidators remuneration was agreed at 2.5% on the amount realised and 2% on the amount paid to unsecured creditors including preferential creditors.

Show the liquidators final statement of account

SECTION - C

(5 X 5 = 25 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.(K4/K5)

16. a). Wye Ltd. issued for public subscription 20,000 equity shares of Rs.10 each at a premium of Rs.2 per share payable as under:

On application - Rs.2 per share
On allotment - Rs.5 per share
On first call - Rs.2 per share
On second call - Rs.3 per share

Applications were received for 30,000 shares. Allotment was made pro-rata to the applicants for 24,000 shares, the remaining applications were refused. Money over paid on application was utilised towards sums due on allotment.

Akbar to whom 800 shares were allotted, failed to pay allotment and calls money and Babar to whom 1,000 shares were allotted failed to pay the two calls. These shares were subsequently forfeited after the second call was made. All the forfeited shares were sold to Charles as fully paid up at Rs.8 per share.

Show the journal entries in the books of Wye Ltd.

(OR)

16. b). Good Prospects 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 1,000 shares which were forfeited. 400 of these were reissued as fully paid at Rs.8 per share.

Give the necessary journal entries, in the books of company.

17. a). On 30th June 2008, the balance sheet of Sandhya Ltd., stood as follows:

Liabilities	Rs.	Assets	Rs.
Equity share capital	10,00,000	Sundry assets	14,00,000
Redeemable Pref. Share Capital	4,00,000	Bank	5,00,000
P & L A/c	3,00,000		
Sundry Creditors	2,00,000		
	19,00,000		19,00,000

On the above date, the preference shares had to be redeemed. For this purpose, 2,000 equity shares of Rs.100 each were issued at Rs.110. The company also issued 8% debentures totalling Rs.3,00,000. The shares and debenture were immediately subscribed and paid for. The preference shares were duly redeemed.

Give journal entries and the balance sheet after redemption.

(OR)

17. b). 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 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.

18. a). Moon and Star Co. Ltd. is a company with an authorised capital of Rs.5,00,000 divided into 5,000 equity shares of Rs.100 each on 31.12.2005 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.2005.

Trial balance of Moon & Star Co. Ltd

Debit	Rs.	Credit	Rs.
Opening stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount received	3,150
Wages	70,000	Profit and Loss a/c	6,220
Discount allowed	4,200	Creditors	35,200
Insurance (up to 31.3.2006)	6,720	Reserves	25,000
Salaries	18,500	Loan from managing director	15,700
Rent	6,000	Share capital	2,50,000
General expenses	8,950		
Printing	2,400		

Advertisement	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,500		
Furniture	17,100		
Bank	34,700		
Bad debts	3,200		
Calls-in-arrears	5,000		
	6,60,270		6,60,270

You are required to prepare Statement of Profit and Loss for the year ended 31.12.2005 and a balance sheet as on that date. The following further information is given:

- Closing stock was valued at Rs.1,91,500.
- Depreciation on plant at 15% and on furniture at 10% should be provided.
- A tax provision of Rs.8,000 is considered necessary.
- The directors declared an interim dividend on 15.8.2005 for 6 months ending 30 June 2005 @ 6%.
- Provide for corporate dividend tax @17%.

(OR)

18. b). A Ltd. was registered with an authorized capital of Rs.6,00,000 in equity shares of Rs.10 each. The following is its Trial Balance on 31st March 2008.

Trial Balance of 'A' Ltd

	Debit Balance Rs.	Credit Balance Rs.
Goodwill	25,000	
Cash	750	
Bank	39,900	
Purchases	1,85,000	
Preliminary expenses	5,000	
Share capital		4,00,000
12% debentures		3,00,000
P&L A/c (Cr)		26,250
Calls-in-arrears	7,500	
Premises	3,00,000	
Plant & Machinery	3,30,000	
Interim dividend	39,250	
Sales		4,15,000
Stock (1.4.2007)	75,000	
Furniture & Fixtures	7,200	
Sundry debtors	87,000	
Wages	84,865	
General expenses	6,835	
Freight and carriage	13,115	
Salaries	14,500	
Directors fees	5,725	
Bad debts	2,110	
Debenture interest paid	18,000	
Bills payable		37,000

Sundry creditors		40,000
General reserve		25,000
Provision for bad debts		3,500
	12,46,750	12,46,750

Prepare statement of Profit and Loss and Balance Sheet in proper form after making the following adjustments:

- Depreciation plant and machinery by 15%.
- Write off preliminary expenses.
- Provide for 6 months interest on debentures.
- Leave bad and doubtful debts provision at 5% on sundry debtors.
- Provide for income tax at 50%.
- Stock on 31.3.2008 was Rs.95,000.
- Provide for corporate dividend tax @ 17%.

19. a). The Balance Sheet of Saraswati Co. Ltd. disclosed the following position as on 31st December 2008.

Liabilities	Rs.	Assets	Rs.
Share capital: 6,000 equity shares of Rs.100 each	6,00,000	Goodwill	1,65,000
Profit and loss A/c	75,000	Investments	5,25,000
General reserve	2,25,000	Stock	6,60,000
6% debentures	4,50,000	Sundry debtors	3,90,000
Sundry creditors	1,50,000	Cash at bank	60,000
Workmen's savings bank a/c	3,00,000		
	18,00,000		18,00,000

a. The profits for the past five years were:

2004-Rs.30,000; 2005-Rs.70,000; 2006-Rs.50,000; 2007-Rs.55,000 and 2008- Rs.95,000.

b. The market value of investments was Rs.3,30,000.

c. Goodwill is to be valued at three years purchase of the average annual profits for the last five years.

Find the Intrinsic value of each share.

(OR)

19. b). The balance sheet of James company Ltd. as on 31st December 2008 was as follows:

Liabilities	Rs.	Assets	Rs.
20,000 shares of Rs.10 each	2,00,000	Land & Building	1,68,000
Profit and Loss A/c	40,000	Plant & Machinery	1,20,000
Debentures	30,000	Furniture & Fittings	10,000
Trade Creditors	40,000	5% (tax free) Govt. bonds	40,000
Provision for taxation	18,000	Stock	4,000
Proposed dividend	30,000	Book debts	12,000
		Cash	4,000
	3,58,000		3,58,000

The net profits of the company after charging depreciation and taxes were as follows:

2004-Rs.34,000; 2005-Rs.38,000; 2006-Rs.36,000; 2007-Rs.40,000; and 2008-Rs.38,000.

On 31st December 2008 Land & Building were revalued at Rs.1,90,000; Plant & Machinery at Rs.1,42,000; and Furniture & Fittings at Rs.8,000.

10% represents a fair commercial rate of return on investment in the company.

Calculate the value of goodwill basing it at five years purchase of the average super profits for the last five years.

20. a). Following information is extracted from the books of Lucky Ltd. On 31st July, 2016 on which date a winding up order was made.

	Rs.
Unsecured Creditors	3,50,000
Salaries due for five months	20,000
Managing Director's Remuneration due	30,000
Bills Payable	1,06,000
Debtors - Good	4,30,000
- Doubtful(estimated to produce Rs.62,000)	1,30,000
- Bad	88,000
Bills Receivable (Good Rs.10,000)	16,000
Bank Overdraft	40,000
Land (estimated to produce Rs.5,00,000)	3,60,000
Stock (estimated to produce Rs.5,80,000)	8,20,000
Furniture and Fixtures	80,000
Cash in hand	4,000
Estimated Liabilities for bills discounted	60,000
Secured creditors holding first mortgage on land	4,00,000
Partly secured creditors holding second mortgage on land	2,00,000
Weekly wages unpaid	6,000
Liabilities under Workmen's Compensation Act, 1925	2,000
Income-tax due	8,000
5,000 9% Mortgage Debentures of Rs.100 each interest payable to 30 th June and 31 st December, paid to 30 th June,2016	5,00,000
Share Capital :	
20,000 10% Preference Shares of Rs 10 each	2,00,000
50,000 Equity Shares of Rs 10 each	5,00,000
General Reserve since 31 st December,2012	1,00,000

In 2012, the company earned profit of Rs. 4,50,000 but thereafter it suffered trading losses totalling Rs 5,84,000. The company also suffered a speculation loss of Rs 50,000 during the year 2013. Excise authorities imposed a penalty of Rs 3,50,000 in 2014 for evasion of tax which was paid in 2015.

From the foregoing information, prepare Statement of Affairs and Deficiency Account.

(OR)

20. b). Explain the various lists to be attached to the statement of affairs.