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(FOR THE CANDIDATES ADMITTED

SUB CODE

23UCF305

DURING THE ACADEMIC YEAR 2023 ONLY)

REG.NO. :

**N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI**  
**END-OF-SEMESTER EXAMINATIONS : NOV-2024**

**B.COM FINANCE**

**MAXIMUM MARKS: 75**

**SEMESTER - III**

**TIME : 3 HOURS**

**PART - III**

**23UCF305 CORPORATE ACCOUNTING I**

**SECTION – A (10 X 1 = 10 MARKS)**

**ANSWER THE FOLLOWING QUESTIONS.**

1. Shares enjoying disproportionate voting right are called\_\_\_\_\_.

- (a) Founders shares (b) Equity shares  
(c) Preference shares (d) Redeemable preference shares

2. Share application money should be at least\_\_\_\_\_ of the nominal value.

- (a) 4% (b) 25% (c) 6% (d) 5%

3. Premium on redemption of preference shares should be cancelled by utilizing.

- (a) Share premium a/c (b) P & L a/c (c) General reserve a/c (d) Capital reserve a/c

4. Interim dividend appears in \_\_\_\_\_.

- (a) P & L a/c (b) P & L Appropriation a/c  
(c) Balance sheet (d) P & L Appropriation a/c and Balance sheet

5. Under double accounting system \_\_\_\_\_are recorded in general balance sheet.

- (a) Current assets and current liabilities (b) Fixed assets and fixed liabilities  
(c) Fixed liabilities and current liabilities (d) Fixed assets and current assets

**ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES**

6. Define “Share “

7. Write a note on Debenture.

8. Mention the purpose of preparing balance sheet

9. State the Nature of Goodwill.

10. Who is a Liquidator?

**SECTION – B**

**(5 X 5 = 25 MARKS)**

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

**(K3)**

**ETHICAL PAPER**

11. a) Write short notes on a) Preference Share and b) Equity Share  
(OR)  
b) Batliboi & Co Ltd, issued 50,000 equity shares of RS. 10 each to 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%

12. a) Excel Ltd, made the following issues of debentures on 1<sup>st</sup> April 1997.  
1) 200 10% debentures of RS.100 each to settle a creditor who supplied a machine on credit some time ago at a price of RS.18,000  
2) 300 10% debentures of RS.100 each of cash at a discount of 5%  
3) 1000 10% debentures of 100 each to the bankers as collateral security for a loan of RS.80,000

All the 3 above issues are redeemable at par. Pass journal entries to record the above in the book of the company and show how these items are to be shown when the company's balance sheet is prepared. (OR)

b) Hamid Pasha Ltd. Obtained an overdraft of RS.5,00,000 from the bank for which the company issue 7,000 12% debentures of RS.100 each as collateral security show how the items appear in balance sheet, (a) The issue of debentures need not be recorded in the books (b) The issue of debentures must be recorded in the books.

13. a) Give the format of Balance Sheet as per Revised schedule VI.  
(OR)  
b) State the rules regarding transfer of Profit to Reserves.

14. a) Calculate the amount of goodwill on the basis of 2 years purchase of the last five years average profits .

1 <sup>st</sup> year	Rs. 8,200	2 <sup>nd</sup> year	Rs.10,500	3 <sup>rd</sup> year	Rs. 5,100
4 <sup>th</sup> year	Rs .7,700	5 <sup>th</sup> year	Rs.12,000		

(OR)

b) Calculate the amount of goodwill on the basis of 3 years purchase of the last five years average profits .

1 <sup>st</sup> year	Rs. 4,800	2 <sup>nd</sup> year	Rs.7,200	3 <sup>rd</sup> year	Rs. 10,000
4 <sup>th</sup> year	Rs ,3,000	5 <sup>th</sup> year	Rs.5,000		

15. a) Write the Short notes on Liquidation of Company.  
(OR)

b) What are the various method of Winding up a company? Explain

**SECTION – C**

**(5 X 8 = 40 MARKS)**

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

16. a) In January 2021 Green Ltd. Issued 2,000 shares of RS.100 each at a discount of 5%. The issue was fully subscribed by paying RS.20 per share on application. The balance was payable as to RS.25 on allotment (with adjustment of discount); RS.20 on first call

RS.30 on final call. All the calls were made and received with an exception of final call on 200 shares held by one Mr.Zahir.

Pass journal entries to record the above and show the resultant balance sheet.

**(OR)**

b) Nalli & Co Ltd was registered with an authorized capital of RS.20, 00,000 divided into 20,000 shares of RS.100 each. The company offered 12,000 shares to the public which were payable: RS.20 per share on application, RS.40 per share on allotment and RS.40 on call. Application for 18,000 shares were received on which the directors allotted as follows:

- a) Applicants for 10,000 shares – full
- b) Applicants for 5,000 shares – 2000 shares
- c) Applicants for 3,000 shares – Nil

The excess application money was adjusted towards allotment. All the money due on allotment and call was fully received. Make necessary entries in the company's book.

17. a) On 1<sup>st</sup> April 2017 Rama Ltd. Issued 2,500 8% debentures on RS.100 each at 5% discount. Holders of the debentures have option to convert their holdings into equity shares of RS.100 each at a premium of RS.25 per share at any time within 3 years. On 31<sup>st</sup> March 2018, holders of debentures notified their intension to exercise the option. Show the necessary journal entries in the company's book relating to issue and conversion of the debentures. Also show how the items affected would appear in the company's balance sheet.

**K4**

**(OR)**

b) On 1<sup>st</sup> January 2018 Y Ltd, issues 4,000 12% debentures on RS.100 each repayable at the end of 4 years at a premium of 5% it has been decided to institute a sinking fund for the purpose, the investment being expected to realize 4% net. Sinking fund tables show that 0.235490 amounts to RS.1 @ 4% in 4 years investment were made in multiple of 100 only.

On 31 December 2021, the balance at bank was RS.118000andthe investments realized RS.3, 13,600 the debentures were paid off. Give journal entries and show ledger accounts (expect for debentures interest.)

18. a) The mafatlal manufacturing company limited Chennai, was registered with a nomial capital Rs.12,00,000 in equity shares of Rs.10 each. The following is the list of balance extracted from its books on 31-3-1998

	Rs.		Rs.
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Premises	6,00,000	Sales	8,30,000
Stock(1.4.97)	1,50,000	6% debentures	6,00,000
Furniture	14,400	Profit and loss accounts	29,000
Calls-in-arrears	15,000	Bills payable	76,000
Plant and machinery	6,60,000	Sundry creditors	1,00,000
Interim dividend paid	75,000	General reserve	50,000
Sundry debtors	1,74,000	Provision for doubtful	7,000
Goodwill	68,000	debts(1.4.97)	
Cash and bank balance	63,300	subscribed, called up& paid	8,00,000
Purchases	3,70,000	up capital	
Preliminary expenses	10,000		
Wages	1,69,730		
General expenses	13,670		
Advertising	20,000		
Freight	26,230		
Salaries	29,000		
Directors fees	11,450		
Bad debts	4,220		
Debenture interest paid	18,000		
	24,92,000		24,92,000

The following adjustment have to be made:

- Stock on 31<sup>st</sup> march 1998 was valued at Rs.1,90,000
- Write off preliminary expenses
- Provide for half year's debenture interest.
- The provision for doubtful debts on 31 march 1998 should be equal to 1% on sales.
- Director's fees are outstanding to the extent of Rs.550 and salaries Rs.1,000.
- Depreciation plant and machinery by 5%; premises by 2% and write off Rs.2,400 on furniture.
- Goods to the value of Rs.3,000 were distributed as free samples during the year. But no entry in this respect had been made.

You are required to prepare the statement of profit and loss for the year ended 31<sup>st</sup> March 1998 and the balance sheet as on the same date.

**K5**

**(Or)**

- b) The Auto parts manufacturing company limited was registered with a authorized capital of Rs.7,50,000 divided into 3,000 6% cumulative preference shares of Rs.100 each and 4,500 equity shares of Rs.100 each. The following are the balance taken as on 31.12.98.

	Rs.		Rs.
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Stock on 1.1.98	2,41,500	Share capital 3,000	
Delivery expenses	1,02,000	6% cumulative	
General expenses	21,000	preference shares of	3,00,000
Bills receivable	6,000	Rs.100 each	
Investment:		3,000 equity	2,25,000
6,000 share of	60,000	shares(Rs.75 called	82,725
Rs.10 each in sunrise		up)	58,500
co. ltd.		General reserve	9,18,600
Preference	9,000	P&L A/c (cr.)	2,10,000
dividend half year	97,500	Sales	1,25,520
30.6.1998	1,00,000	5% debentures	8,800
Bank balance	1,67,500	Trade creditors	
Goodwill	3,90,000	Provision for	
Trade debtors	1,03,500	taxation	
Freehold properties at	38,250		
cost	75,000		
Salaries	4,76,500		
Rent and rate	3,750		
Furniture at cost	5,250		
Purchase	20,250		
Freight and carriage	12,145		
inwards	19,29,145		19,29,145
Debenture			
interest(half year)			
Final dividend for			
1997			
Cash in hand			

Prepare statement of profit and loss for the year ended 31.12.1998 and balance sheet at that date after taking the following into account: Closing stock Rs.2,15,000

- Depreciation 2 ½ % on freehold property and 6% furniture.
- Bills receivable for Rs.2,500 maturing after 31.12.1998 has been discounted with bank.
- Directors proposed to pay second half year's dividend on preference shares.
- 10% dividend on equity shares is proposed.
- Provide 5% towards reserve for doubtful debts on trade debtors.
- Provide for corporate dividend tax.

**K5**

19.a) The following information is presented for five years ending 31<sup>st</sup> Dec 2018.

year	Profit (After tax)	Taxation	Transfer to reserve	Directors remuneration
2014	25000	9000	5000	2000
2015	27500	10000	6000	2250
2016	24000	7500	4000	2250
2017	32500	12500	7500	2500
2018	36000	17500	7500	3000

Fixed assets have been revalued and the same showed an appreciation of Rs.2,50,000 (depreciation to be provided for @ 10%). The company has a 8% preference share capital of Rs. 50,000. The current rate of taxation may be taken @50%. Calculate the value of goodwill on the basis of four years purchase of the last five years average profits. **K4**

**(Or)**

b) A firm earned net profits during the last three years as follows:

	Rs.
I Year	36000
II Year	40000
III Year	44000

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. **K4**

20.a) A liquidator is entitled to receive remuneration @ 2% of the assets realized and 3% on the amount distributed among the unsecured creditors. The assets realized Rs.70,00,000 against which payment was made as follows:

Liquidator expenses Rs.50,000, Preferential creditors Rs.1,50,000.

Secured creditors Rs.40,00,000; unsecured creditors Rs.30,00,000.

Calculate the total remuneration payable to the liquidator. **K5**

**(Or)**

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

Preferential creditors Rs.25000

Unsecured creditors Rs.58000

6% Debentures Rs.30000

The assets realized Rs.80,000. The expenses of liquidation amounted to Rs.1,500 and the liquidator remuneration was agreed at 2.5% on the amount realized and 2% on the amount paid to unsecured creditor including preferential creditors. Show the liquidator final statement. **K4**

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