

(NO. OF PAGES: 5)

(FOR THE CANDIDATES ADMITTED

SUB CODE

DURING THE ACADEMIC YEAR 2023 ONLY)

REG.NO. :

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

END-OF-SEMESTER EXAMINATIONS : NOV 2024

B.COM P.A

MAXIMUM MARKS: 75

SEMESTER: III

TIME : 3 HOURS

PART-III

CORPORATE ACCOUNTING

SECTION – A

10X1=10 MARKS

ANSWER THE FOLLOWING MULTIPLE CHOICE QUESTIONS

1. Equity shareholder is a company

- a) creditor b) lender c) debtor d) owner

2. A debenture holder is

- a) an owner b) a loan creditor c) a director d) a trade creditor

3. Preliminary expenses is an example of

- a) Current assets b) Fictitious assets c) Tangible asset d) Liquid assets

4. Excess of average profit over the normal profit is called

- a) Super profit b) Actual profit c) Adjusted profit d) Normal profit

5. Creditors voluntary winding up of a company applies to

- a) Insolvent companies b) Solvent companies c) Private companies d) Public companies

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

6. Write a short note on issue of share.

7. Meanings of redeemable preference shares.

8. Trade payable means

9. Define Goodwill

10. Reason for winding up explain any one point.

SECTION – B

(5X5=25 MARKS)

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

11.(a) Briefly explain the Forfeiture shares

(OR)

11.(b) Anvar batcha Co. Ltd., Issued 50,000 equity of Rs.10 each to the public on condition that full amount that full amount of shares will be paid in a lump sum. All these share 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%.

12. a) Chennai Ltd Issued 1000, 12% debentures of Rs. 100 each. Give journal entries under two situations:

a) Issued at par and redeemable at par.

b) Issued at a discount of 10% and redeemable at a premium of 10%

(OR)

12.(b) Shreya Ltd., made an issue of Rs.1000, 12% Redeemable preference shares of Rs.100 each, repayable at a premium of 10%. These shares are to be redeemed now out of accumulated reserve, which are more than the necessary sum required for redemption.

Show necessary journal entries in the books of the company, assuming that the premium on redemption of shares has to be written off against the company's securities premium account.

13.a) A company has fixed assets of Rs,2,00,000 and profit after depreciation @ 5% p.a is Rs.80,000 and the income tax limit for depreciation is Rs.8,000. Calculate :

a) 5% of the Net Profit as commission to Manager.

b) Tax Provision at 50%.

(OR)

13.b) The following are the balances extracted from the company records. Calculate the remuneration of the managing director at 5% of the Net Profit after charging such commission.

Net Profit Rs.38,786, Provision for taxation Rs.39,000, Managing Director's remuneration paid Rs.12,000, Formation expenses written off Rs.4,000, Directors fees Rs.2,500, Provision for doubtful debts Rs.1,200, Depreciation allowable as per income tax rules Rs.12,000, Depreciation written off Rs.12,880, Ex-gratia payment to employee Rs.2,000.

14.(a) Anitha company decided to 3 years purchase a business. Its profit for the last 5 years are: 2003-Rs.25000; 2004-Rs.35000; 2005-Rs.31,000; 2006-Rs.37,000; 2007-Rs.42000. The reasonable remuneration of the proprietor of the business is Rs.6000 p.a., but it has not been taken into account for calculation of above mentioned profit.

(OR)

14.(b) A firm has earned an average profit of Rs. 1,50,000. The normal rate of return of this type of business would be 10%. The assets of the firm other than goodwill amounted to Rs. 16,20,000 and the liabilities amounted to Rs. 5,60,000.

Find out the value of goodwill by capitalization of average profit.

15.a) List out the methods of winding up of Companies.

(OR)

15.b) What is liquidator's final statement of account?

SECTION – C

(5X8=40 MARKS)

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

16.a) Republic Ltd. Issued 50,000 shares of Rs.10 each payable as Rs.3 on application, Rs.4 on allotment and the balance on call. Application for 70000 shares had been received. Applications for 8000 shares were rejected and the remaining applications were allotted the 50000 shares on pro-rata basis. The excess amount on application was adjusted towards the amount due on allotment. All the shareholders paid the amount due. Journalize the transactions and prepare ledger account and show how the entries will appear in the balance sheet.

(OR)

16.b) Describe the Procedure for issue of shares for cash.

17.a) 1.4.2022, Rahuramrajan Ltd., issued 2500 8% debentures of 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 31.3.2023, holders of 500 debentures notified their intention to exercise the option.

Show the necessary journal entries in the company's books relating to issue and conversion of the debentures. Also show how the items affected would appear in the company's Journal Entries and Balance Sheet.

(OR)

17.b)What do you mean by Capital redemption reserve account? How is it created and utilized?

18.a) Thiruvalluvar Ltd., is a company with an Authoraised capital of Rs. 500000 divided into 5000 equity shares of Rs. 100 each on 31.12.2023 of which 2500 shares were fully called up.

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 31.3.17)	6,720	Reserves	25,000
Salaries	18,500	Loan from managing directors	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	180,500		
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 trading account, profit and loss account , Profit and loss appropriation account and balance sheet for the year ended 31.12.2023 as on that date.

The following Additional information.

- 1.Closing stock was valued at Rs.1,91,500
- 2.Depreciation on plant at 15% and on furniture at 10% should be provided.
- 3.A tax provision of Rs.8,000 is considered necessary

4. The directors declared an interim dividend on 15.8.2023 for 6 months ending 30.june.2023 at 6%.

5. Provide for corporate dividend tax @17%

(OR)

18.b) Authorised capital of Z ltd., is Rs.6,00,000 (60,000 shares of Rs.10 each) on 31.03.2023, 25,000 shares were fully called up. The following balance taken from the ledger of the company as on 31.03.2023.

Opening stock	50,000	Bonus to employees	10,500
Sales	4,25,000	Sundry Debtors	38,700
Purchases	3,00,000	Sundry Creditors	35,200
Wages	70,000	Plant and machinery	80,500
Discount allowed	4,200	Furniture	17,100
Discount received	3,150	Cash and Bank balance	1,34,700
Insurance (Paid upto 30.06.2023)	6,750	General Reserve	25,000
		Loan from M.D	15,700
Salaries	18,500	Bad debts	3,200
Rent paid	6,000	Calls-in-arrears	5,000
General expenses	8,950	Profit and loss a/c CR	6,220
Printing and stationery	2,400		
Advertising	3,800		

Additional information:

a) Closing stock Rs.91,500 b) Depreciation on Plant and Machinery, Furniture @ 15% and 10% respectively. c) Wages salaries and Rent outstanding amounts to Rs. 5,200, Rs.1,200 and Rs.600 respectively. d) Dividend @ 5% on paid up share capital is to be provided. e) Income Tax provision is to be made @ 25%. Prepare the statement of Profit and Loss Account and the Balance sheet of the company under new revised schedule.

19.a) The following particulars are available in respect of the business carried on by vasu:

i) Capital employed Rs. 50,000

ii) Trading Results – 2004 Profit Rs.12,200; 2005 Profit Rs.15,000; 2006 Loss Rs.2,000; 2007 Profit Rs. 21,000,

iii) Market rate of interest on investments 8%

iv) Rate of risk return on capital invested in business 2%.

v) Remuneration from alternative employment of the proprietor (if not engaged in business) Rs. 3,600 p.a.

You are required to compute the value of goodwill on the basis of 3 years purchase of super profits of the business calculated on the average profits of the last four years.

(OR)

19.b) The balance sheet of Jemes pichai company Ltd., as on 31st December 2022 was as follows:

Liabilities	Rs.
20000 shares of Rs.10 each	200000
Profit and loss a/c	40000

Debentures	30000
Trade creditors	40000
Provision for taxation	18000
Proposed dividend	30000
Total	358000
Assets	
Land and Buildings	168000
Plant and Machinery	120000
Furniture	10000
Govt bonds 5%	40000
Stock	4000
Book debts	12000
Cash	4000
Total	358000

The net Profit of the company after charging depreciation and taxes were as follows:
2018 – Rs.34000; 2019-Rs.38000; 2020-36000; 2021- 40000 2022- 38000.

On 31st December 2022 Land and Buildings were revalued at Rs.190000, plant and machinery at Rs.142000; and furniture and fittings at Rs.8000.

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) M.Co. went into voluntary liquidation on 1.3.2023. The following balances are taken from its books on that date.

Liabilities	Rs.	Assets	Rs.
Capital 50,000 Equity shares of Rs.10 each	5,00,000	Buildings	1,50,000
Debentures	2,00,000	Plant and Machinery	2,10,000
Bank overdraft	30,000	Stock in Trade	95,000
Creditors	40,000	Book Debt 75,000	
		Less provision 10,000	65,000
		Calls in arrears	1,00,000
		Cash	10,000
		Profit and loss a/c	1,40,000
	7,70,000		7,70,000

Plant and Machinery and Buildings are valued at Rs.1,50,000 and Rs.1,20,000 respectively. On realization losses of Rs. 15,000 are expected on stock. Bookdebts will realize Rs.70,000. Calls in arrears are expected to realize 90%. Bank overdraft is secured against Buildings. Preferential Creditors for taxed and wages are Rs.6,000 and miscellaneous expenses outstanding Rs.2,000. Prepare a Statement of Affairs.

(OR)

20.b) Describe the Insolvency and Bankruptcy Act.