

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. CS- END SEMESTER EXAMINATIONS - APRIL 2025
SEMESTER - III

21UBCCT3005 - Corporate Accounting-I

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

Section B

Answer any **SIX** questions (6 × 5 = 30 Marks)

1. Explain the classes of Preference shares.
2. Sri. Ganesh Ltd., made a public issue of 3,00,000 shares of Rs.10 each at par. The whole amount was payable in a single installment. The issue was fully subscribed and allotment was made. Further, the company issued 2,00,000 shares of Rs.10 each in consideration for land and buildings purchased, Show journal entries in the books of the company.
3. Classify Convertible Debentures and state their significance.
4. Magnet Ltd., issues 2,000 6% Debentures of Rs.100 each. Show journal entries in each of the following cases:
 - a. The debentures are issued at par and redeemable at par;
 - b. They are issued at a discount of 6%, but redeemable at par;
 - c. They are issued at a premium of 5% but redeemable at par;
 - d. They are issued at a discount of 4% but redeemable at a premium of 5%
5. Describe the amount of remuneration payable to different categories of managerial personnel.
6. Compute the simple time ratio and weighted time ratio. Date of incorporation 1st July 2023. Period of financial accounts 1st April 2023 to 31st March 2024. Total wages Rs.48,000; Number of workers: Pre incorporation period - 5, Post incorporation period - 25. Also divide the wages between Pre incorporation and post incorporation periods.
7. The following details are available about the business of Sagar Ltd.
 - i. Profits: 2022 - Rs.80,000; In 2023 - Rs.1,00,000; In 2024 - Rs.1,20,000.
 - ii. Non recurring income of Rs.8,000 is included in the profit of 2023,
 - iii. Profits of 2022 have been reduced by Rs.12,000 because goods were destroyed by fire.
 - iv. Goods have not been insured but it is thought prudent to insure them in future. The insurance premium is estimated at Rs.800 per year.

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- v. Reasonable remuneration of the proprietor of the business is Rs.12,000 per year but it has not been taken into account for calculation of above mentioned profits.
- vi. Profits 2024 include Rs.10,000 income on investment.

Compute goodwill on the basis of three years purchase of the average profit of the last three years.

8. The following is the Balance sheet of NSC Ltd., as on 31st Dec. 2024.

Liabilities	Rs.	Assets	Rs.
4,000 10% Pref. shares of Rs.100 each	4,00,000	Sundry assets at book value	12,00,000
60,000 equity shares of Rs.10 each	6,00,000		
Bills Payable	50,000		
Creditors	1,50,000		
	12,00,000		12,00,000

The market value of 60% of the assets is estimated to be 15% more than the book value and that of the remaining 40% at 10% less than the book value. There is an unrecorded liability of Rs.10,000. Determine the value of each equity share it is to be assumed that preference shares have no prior claim as to payment of dividend or to repayment of capital.

Section C

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

9. The following are the balances in Ashok Mehta Ltd. Free Reserves Rs.6,00,000; Securities Premium A/c Rs.4,00,000; Share Capital: Equity shares of Rs.10 each fully paid Rs.12,00,000. The shares are quoted below par in the market. The company decides to buy 25,000 shares at Rs.9 each. Pass the necessary journal entries and show the Balance Sheet so far as it relates to Capital and reserves and surplus.
10. ABC Ltd. issued 30,000 9% Preference shares of Rs.10 each. 80% of the issue was underwritten by Ramesh. In addition, there is a firm underwriting of 5,000 shares by Ramesh. Applications for 27,000 shares were received by the company in all. The marked applications totalled 13,000 shares. Compute the liability of Ramesh.
11. The Auto parts manufacturing Co.,Ltd, was registered with an authorised capital of Rs.7,50,000 divided into 3000 6% cumulative preference shares of Rs.100 each and 4500 equity shares of Rs.100 each. The following are the balances taken as on 31.12.2024.

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Debit Balances	Rs.	Credit Balances	Rs.
Stock on 1.1.2024	2,41,500	Share Capital: 3,000 6% cumulative preference shares of Rs.100 each	3,00,000
Delivery expenses	1,02,000	3,000 equity share (Rs.75 called up)	2,25,000
General expenses	21,000	General reserve	82,725
Bills receivable	6,000	P & L A/c (Cr.)	58,500
Investments: 6,000 shares of Rs.10 each in Sunrise Co. Ltd.	60,000	Sales	9,18,600
Preference dividend half year 30.6.2024	9,000	5% Debentures	2,10,000
Bank balance	97,500	Trade Creditors	1,25,520
Goodwill	1,00,000	Provision for taxation	8,800
Trade debtors	1,67,500		
Freehold properties at cost	3,90,000		
Salaries	1,03,500		
Rent & Rates	38,250		
Furniture at cost	75,000		
Purchases	4,76,500		
Freight & Carriage inwards	3,750		
Debenture interest (half year)	5,250		
Final dividend for 2023	20,250		
Cash in hand	12,145		
	19,29,145		19,29,145

Ascertain Statement of Profit & Loss for the year ended 31.12.2024 and Balance Sheet at that date after taking the following into account:

- i. Closing stock Rs.2,15,000
- ii. Depreciation 2 ½% on freehold property and 6% furniture.
- iii. Bills receivable for Rs.2,500 maturing after 31.12.2024 have been discounted with the bank.
- iv. Directors proposed to pay a second half year's dividend on pref, shares.
- v. 10% dividend on equity shares is proposed.
- vi. Provide 5% towards reserve for doubtful debts on trade debtors.
- vii. Provide for corporate dividend tax.

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12. Ganesh Ltd, was registered on 1.7.2024 to acquire the running business of Suneel & Co., with effect from 1.1.2024. The following was the profit and loss account of the company on 31.12.2024

Particulars	Rs.	Particulars	Rs.
To Office Expenses	54,000	By Gross Profit b/d	2,25,000
To Formation Expenses (written off)	10,000		
To Stationery & Postage	5,000		
To Directors' Fees	60,000		
To Net Profit	20,000		
To Selling Expenses	76,000		
	2,25,000		2,25,000

You are required to prepare a statement showing profit earned by the company in the pre and post incorporation periods. The total sales for the year took place in the ratio of 1:2 before and after incorporation respectively.

13. Following is the balance sheet of Mani Ltd. as on 31st March 2024.

Liabilities	Rs.	Assets	Rs.
Share Capital: 3,000 5% Pref. Shares of Rs./100 each	3,00,000	Goodwill	22,500
6,000 Equity shares of Rs.100 each	6,00,000	Land & Building	3,00,000
6% Debentures	1,50,000	Machinery	4,50,000
Bank Overdraft	1,50,000	Stock	65,000
Creditors	75,000	Debtors	70,000
		Cash	7,500
		P & L A/c	3,50,000
		Preliminary Expenses	10,000
	12,75,000		12,75,000

On the above date, the company adopted the following scheme of reconstruction:

- The preference shares are to be reduced to fully paid shares of Rs.75 each and equity shares are to be reduced to shares of Rs.40 each, fully paid.
- The debentures holders took over stock and debtors in full satisfaction of their claims.
- The fictitious and intangible assets are to be eliminated.
- The Land and Buildings to be appreciated by 30% and machinery to be depreciated by $33\frac{1}{3}\%$.
- Expenses of Reconstruction amounted to Rs.4,500.

Give journal entries incorporating the above scheme of reconstruction and Ascertain the reconstructed balance sheet.
