

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.ISM - END SEMESTER EXAMINATIONS - APRIL 2025
SEMESTER - IV

23UBICT4008 - Corporate Accounting

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

Section B

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

1. Kalyan kumar Co.Ltd. was formed with a capital of Rs.10,00,000 in Rs.10 shares, the whole amount being issued to the public. The underwriting of these shares was as follows:

A – 35,000; B – 30,000; C – 20,000; D – 10,000; E – 3,000; F – 2,000

All the marked application forms were to go in relief of the underwriters whose stamp they bear.

The application forms marked by the underwriters were:

A – 10,000; B – 22,500; C – 20,000; D – 7,500; E – 5,000 F – Nil

Applications for 20,000 shares were received on forms not marked. Draw up a statement showing the number of shares each underwriter had to take up.

2. X Co., Ltd., has the following shares as a part of its share capital. 10,000 8% preference shares of Rs.100 each fully paid

50,000 equity shares of Rs.5 each fully paid

20,000 equity shares of Rs.10 each, Rs.8 called up and paid up

The company has decided to alter the share capital as follows:

- To sub-divide the preference shares into shares of Rs.10 each.
- To consolidate the equity shares of Rs.5 each into shares of Rs.10 each
- To convert the partly paid up equity shares into fully paid up shares of Rs.8 each, with necessary legal sanctions.

Journalize the alterations.

3. From the following balances, prepare the balance sheet of a company in the prescribed format.

	Rs.		Rs.
Goodwill	1,50,000	Reserves	1,10,000
Investments	2,00,000	Securities premium	15,000
Share capital	5,00,000	Preliminary expenses	10,000
Profit and loss A/c (Cr)	25,000	Debentures	2,50,000
Other fixed assets	4,70,000	Stock	80,000
Debtors	60,000	Bank balance	30,000
Unsecured loan	65,000	Sundry creditors	35,000

4. From the following information discover the value of goodwill on the basis of 3 years purchase of super profit.

- Average capital employed in the business is Rs.20,00,000
- Rate of interest expected from capital having regard to the risk involved is 10%
- Net trading profits of the firm for the past three years were Rs.3,50,400; Rs.2,80,300 and Rs.3,10,100.
- Fair remuneration to the partners for their services is Rs.48,000 per annum.
- Sundry assets of the firm are Rs.23,50,400 and current liabilities are Rs.95,110.

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5. Ganesh Ltd., was registered on 1.7.2017 to acquire the running business of Suneel & Co., with effect from 1.1.2017. The following was the profit and loss account of the company on 31.12.2017

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 Selling expenses	60,000		
To Directors' fees	20,000		
To Net profit	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.

6. ABC company Ltd. Passed resolution and got court permission for the reduction of its share capital by Rs.5,00,000 for the purposes mentioned as under:
- To write off the debit balances of P&L A/c of Rs.2,10,000
 - To reduce the value of plant & machinery by Rs.90,000 and goodwill by Rs.40,000
 - To reduce the value of investments by Rs.80,000

The reduction was made by converting 50,000 preference shares of Rs.20 each fully paid to the same number of preference shares of Rs.15 each fully paid and by converting 50,000 equity shares of Rs.20 each on which Rs.15 is paid up into 50,000 equity shares of Rs.10 each fully paid up. Pass journal entries to record the share capital reduction.

7. Give the format of statement of profit and loss as per Revised schedule VI.
8. Explain the general features of financial statements as per Ind AS – 1.

Section C

Answer any **THREE** questions (3 × 10 = 30 Marks)

9. 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 & 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.

List out necessary journal entries and Diagram the bank A/c

10. On 30th June 1998, 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	4,00,000	Bank	5,00,000
Capital	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 totaling Rs.3,00,000. The shares and debentures were immediately subscribed and paid for. The preference shares were duly redeemed.

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11. The Balance sheet of Nipun Ltd. on 31st March 2016 was as follows:

Liabilities	Rs.	Assets	Rs.
8% preference shares of Rs.10 each	50,000	Goodwill	90,000
Equity shares of Rs.10 each	2,50,000	Land & Buildings	1,40,000
General reserve	20,000	Machinery	37,500
6% Debentures (Rs.100 each)	20,000	Furniture	15,000
Bank overdraft	28,500	Preliminary expenses	1,000
Creditors	40,000	Profit & Loss A/c	1,25,000
	4,08,500		4,08,500

The capital reduction scheme, approved by the Court is as under:

- i) Holders of 6% debentures of Rs.100 are to be given 8% debentures of Rs.50 and preference shares of Rs.10 each of equal amount, for the remaining amount of Rs.5
- ii) The value of all preference shares including the preference shares given to debentures as shown above, is to be reduced to Rs.6 and dividend rate is to be increased upto 9%.
- iii) The value of equity shares is to be reduced to Rs.2 each.
- iv) The existing equity shareholders are to purchase additional equity shares of Rs.1,00,000 for cash to pay off the bank overdraft.
- v) All fictitious and intangible assets are to be written off and Machinery and furniture are to be written off in proportion of book values, with the help of general reserve and capital reduction A/c.

Determine necessary journal entries in the books of the company to record the above transactions. Prepare the company's balance sheet after such changes.

12. The following Trial Balance of Nallis Ltd., as at 30th December 2018 is given to you:

Debits	Rs.	Credits	Rs.
Stock (1.1.2018)	80,000	8,000 equity shares of Rs.100 each, Rs.75 paid	6,00,000
Bank	17,600	6% Debentures	2,00,000
Patents	60,000	Sundry creditors	1,00,000
Calls – in – arrears	20,000	General reserve	80,000
Returns inwards	30,000	Sales	10,00,000
Purchases	7,72,000	Returns outwards	20,000
Wages	1,08,000	P & L A/c (Cr)	12,000
Insurance prepaid	400		
Bills receivable	30,000		
Sundry debtors	80,000		
Discount on issue on debentures	10,000		
Plant & Machinery	4,00,000		
Land & Buildings	3,00,000		
Insurance	4,000		
General expenses	40,000		
Establishment expenses	60,000		
	20,12,000		20,12,000

Additional Information:

- i) The value of stock on 31st December 2018 was Rs.74,000
- ii) Outstanding wages totalled Rs.10,000

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- iii) A Provision 5% is to be created on sundry debtors for doubtful debts
- iv) Depreciate patents @ 10% and Plant and Machinery @ 7 ½% and on Land & Buildings @ 4%

You are required to prepare statement of Profit & Loss for the year ended 31.12.2018 and Balance Sheet as on that date.

13. On 31st December 2018, the Balance sheet of a limited company disclosed the following position.

Liabilities	Rs.	Assets	Rs.
Issued capital in Rs.10 shares	8,00,000	Fixed assets	10,00,000
Profit & Loss A/c	40,000	Current assets	4,00,000
Reserves	1,80,000	Goodwill	80,000
5% debentures	2,00,000		
Current liabilities	2,60,000		
	14,80,000		14,80,000

On Dec. 31 2018, the fixed assets were independently valued at Rs.7,00,000 and the goodwill at Rs.1,00,000. The net profits for the three years were: 20166-Rs.1,03,20 2017-Rs.1,04,000 and 2018 - Rs.1,03,300 of which 20% was placed to reserve, this proportion being considered reasonable in the industry in which the company is engaged and where a fair return on investment may be taken at 10%. Compute the value of the company's share by (a) the net assets method and (b) the yield method.
