

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. A&F - END SEMESTER EXAMINATIONS - APRIL 2025
SEMESTER - III

20UAFCT3005 - Corporate Accounting

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

Section B

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

1. Kailash Ltd. Purchased the business of Mani Bros. for ₹54,00,000 payable in fully paid shares of ₹100 each. What entries will be made in the books of Kailash Ltd., if such issue is (a) at par (b) at a premium of 20% and (c) at a discount of 10%?
2. Aadhira Ltd. issued 40,000 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 up by the public. Pass Journal entries in the books of company. When: a) Shares issued at par b) shares issued at a premium of 10% c) share are issued at Discount of 10%
3. Goodwill Ltd. Issues 1,000 6% debentures of Rs.100 each. Give journal entries in each of the following cases:
 - (a) The debentures are issued 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 are redeemable at a premium of 5%
4. Following is the balance sheet of Swamy Ltd. as on 31.03.2004

Liabilities	₹	Assets	₹
Share Capital: 8% Preference Shares of ₹100 each	3,75,000	Fixed Assets	16,25,000
Equity shares of ₹10 each	7,50,000	Investments	3,00,000
General Reserve	4,50,000	Current Assets	2,50,000
7% Debentures	3,50,000		
Current Liabilities	2,50,000		
	21,75,000		21,75,000

Reeta Ltd. Agreed to takeover the business of Swamy Ltd.

Calculate purchase consideration under net assets method on the basis of the following:

Contd...

- (i) Reeta Ltd. Agreed to discharge 7% debentures at a premium of 10% by issuing 9% debentures of Reeta Ltd.
- (ii) Fixed assets are to be valued at 10% above book value, the investments at par, current assets at 10% discount and current liabilities at book value.
5. From the following information calculate the value of goodwill on the basis of three years purchase of the super profit:
- (i) Average capital employed in the business Rs.7,00,000
- (ii) Net trading profit of the firm for the past three years Rs.1,07,600; Rs.90,00, and Rs.1,12,500
- (iii) Rate of interest expected from capital having regard to the risk involved 12%
- (iv) Fair remuneration to the partner for their services Rs.12,000 p.a.
- (v) Sundry assets of the firm – Rs.7,54,762
- (vi) Sundry liabilities of the firm – Rs.31,329
6. The following is the balance sheet of Sun Ltd. as on 31.12.98

Liabilities	Rs.	Assets	Rs.
50,000 equity shares of Rs.10 each fully paid	5,00,000	Goodwill	40,000
Profit Loss A/c	1,10,000	Machinery	2,00,000
Sundry Creditors	40,000	Land	1,50,000
Bills Payable	10,000	Investment	60,000
		Stock	1,00,000
		Debtors	80,000
		Cash at Bank	20,000
		Preliminary Exp.	10,000
	6,60,000		6,60,000

From the above information, you are asked to ascertain the value of each equity share of the company in Net Asset Method.

7. From the following information determine the maximum remuneration available to a full-time director of a manufacturing company. The Profit & Loss account of the company showed a net profit of Rs.40,00,000 after making into account the following items:

Particulars	Rs.
(i) Depreciation (including special depreciation of Rs.40,000)	1,00,000
(ii) Provision for Income Tax	2,00,000
(iii) Donation to Political Parties	50,000
(iv) Ex-gratia payment to a worker	10,000
(v) Capital profit on sale of assets	15,000

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8. What are the objectives of International Financial Reporting Standards?

Section C

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

9. A company with an authorised capital of ₹30,00,000 invited applications for 2,00,000 shares of ₹10 each at premium. The shares are payable as follows:

- On application ₹3
- On allotment ₹4 (including premium)
- On first and final call ₹4

There was over subscription and applications were received for 3,60,000 shares.

Allotment was made as under:

- To applicants of 1,50,000 shares - 1,50,000 shares
- To applicants of 25,000 shares - Nil
- To applicants of 1,85,000 shares - 50,000 shares

Excess money paid on application money was adjusted against sums due on allotment and first call. All money due was received. Give journal entries.

10. X Ltd. Issued 5,000 8% Debentures of Rs.100 each at par on 01.04.2000 which are repayable at 10% premium at the end of 4 years. Give journal entries for issue and redemption if

- (a) The redemption is out of profits
- (b) The redemption is out of capital

11. The following is the Trial Balance of ABC Ltd. as on 30.06.1990

Particulars	Debit (₹)	Credit (₹)
Stock on 30.06.1989	7,500	—
Purchases and Sales	24,500	35,000
Wages	5,000	—
Discounts	700	500
Salaries	750	—
Rent	495	—
Insurance	1,705	—
Profit & Loss A/c (1989)	—	1,503
Dividend paid	900	—
Capital	—	10,000
Debtors and Creditors	3,750	1,750
Machinery	2,900	—
Cash at bank	1,620	—
Reserve	—	1,550
Bad Debts	483	—
	50,303	50,303

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Adjustments

Stock on 30.06.90 ₹8,200

Depreciate machinery at 10%

Provide 5% discount on debtors

Provide 2.5% discount on creditors

Six months insurance was unexpired at ₹75 p.a.

One month's rent @ ₹540 p.a. was due on 30th June

Provide managing directors commission, 15% on the net profits before deducting his commission

You are required to prepare Statement of Profit & Loss Account for the year ended 30.06.1990 and the balance sheet on that date.

12. The following is the summarised Balance Sheet of a company as at 31.12.1987

Liabilities	₹	Assets	₹
Share Capital: 10,000 5% preference shares of ₹100 each fully paid up	10,00,000	Fixed assets	38,00,000
2,00,000 equity shares of ₹10 each fully paid up	20,00,000	Investments	10,25,000
General Reserve	15,00,000	Stock-in-Trade	5,72,000
Profit & Loss A/c	12,00,000	Sundry debtors	12,78,000
6% Debentures	8,00,000	Cash at Bank	2,25,000
Sundry creditors	2,75,000		
Outstanding expenses	1,25,000		
	69,00,000		69,00,000

For the purpose of valuation of shares, fixed assets are to be depreciated by 10% and investments are to be revalued at ₹10,80,000. Debtors will realize ₹12,14,100. Interest on debentures is accrued due for 9 months and preference dividend for 1987 is also due; neither of these has been provided for in the Balance Sheet. Calculate the value of each equity share.

13. Explain the significance of Indian Accounting Standards (IndAS).
