

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. BIM - END SEMESTER EXAMINATIONS - APRIL 2025

SEMESTER - III

21UBBCT3005 - Corporate Accounting

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

Section B

Answer any **SIX** questions ($6 \times 5 = 30$ Marks)

- Y Ltd. forfeited 400 shares of Rs.20 each, on which Rs.15 per share have been received and balance remains due but not paid. These shares were reissued
 - at the rate of Rs.20 per share i.e. at par
 - at the rate of Rs.24 per share i.e. at premium
- H company issued 20,000 shares of Rs.10 each at par which were underwritten as follows:

X – 10,000 Shares Y - 6,000 shares Z - 4,000 shares

 Applications were received for 18,000 shares which included marked applications also as follows:

X – 4,000 Shares Y - 2,000 shares Z - 10,000 shares

 You are required to prepare statement showing how many shares underwriters will have to take under the underwriting contract.
- Define 'Acquisition of Business'. List few advantages and disadvantages of acquisition of Business.
- Define Goodwill. What are the different methods of calculation of Goodwill?
- From the following information determine the maximum remuneration available to a full time director of manufacturing company. The profit and loss account of the company showed a net profit of 40,00,000 after making into account the following items:

	Rs.
Depreciation (including special depreciation of Rs.40,000)	1,00,000
Provision for income tax	2,00,000
Donation to political parties	50,000
Ex-gratia payment to a worker	10,000
Capital profit on sale of assets	15,000

- From the following particulars calculate the time ratio for pre and post incorporation periods :
 - Data of incorporation : 1.6.2006
 - Period of financial accounts : April 2006 to March 2007
 - Total wages : Rs.4,800

Contd...

(d) No. of workers :

Pre-incorporation period : 5

Post incorporation period : 25

Also divide the total wages between pre and post incorporation period.

7. Normal Rate 15%

Expected Rate 17.3%

Equity share Rs.10 per share, paid up Rs.8

Calculate the value per equity share.

8. The following scheme of reconstruction was approved by Royal Ltd.

(a) The shareholders to receive in lieu of their present holding of 50,000 shares of Rs.10 each, the following

(i) fully paid ordinary shares equal to $\frac{2}{5}$ of their holding

(ii) 5% preference shares to the extent of $\frac{1}{5}$ of the above ordinary shares

(iii) Rs.60,000, 6% debentures

(b) The goodwill which stood at Rs.3,00,000 was written down to Rs.1,50,000

(c) Plant and buildings were written down by Rs.20,000 and Rs.30,000 respectively.

Pass journal entries.

Section C

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

9. Rajan Ltd., issued 20,000 shares of Rs.10 each at a premium of Rs.2 payable as follows:

Rs.2 on application,

Rs.5 on allotment, (including premium)

Rs.2 on first call and

Rs.3 on final call.

Applications for 15,000 shares were received and all these shares were allotted.

All the money due on shares was received except the final call on 500 shares.

Hence these share were forfeited and reissued at Rs.7 each as fully paid up.

Describe journal entries.

10. S Ltd., was incorporated on 1.7.2002 which took over a running concern with effect from 1.1.2002.

The accounts for the year ended 31st Dec. 2002 disclosed the following:

(a) There was a gross profit of Rs.2,40,000.

(b) The Sales for the year amounted to Rs.12,00,000 of which Rs.5,40,000 were for the first six months.

(c) The expenses debited to profit and loss account included.

Directors fees – Rs.15,000

Bad debts – Rs.3,600

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Advertisements	– Rs.12,000 (Rs.1,000 per month)
Salaries and general expenses	– Rs.64,000
Preliminary expenses written off	– Rs.5,000
Donation to a political party given by the company	– Rs.5,000

Ascertain the profit prior to incorporation.

11. Discuss briefly the major changes related to balance sheet introduced by Revised schedule VI to the companies Act 1956.
12. A company earned the following net profits during the last four years after taxes: 1986 - Rs.60,000; 1987 - Rs.65,000; 1988 - Rs.75,000; 1989 - Rs.70,000; The capital employed in the business was Rs.60,000. Reasonable rate of return, normal in the industry was 10%. Super profits of the company can be maintained for 5 years. Find out goodwill of the company.
 - (i) If the present value of annuity of Rs.1 for five years at 10% is 3.78 and the goodwill should be valued on annuity basis.
 - (ii) If the super profit should be capitalised the normal rate of return.
 - (iii) If goodwill is 5 years purchase of the super profits.
13. Sick limited had the following balance sheet as on 31.3.2014

Liabilities	Rs.	Assets	Rs.
6% Preference shares of Rs.100 each	2,00,000	Goodwill	60,000
Equity shares of Rs.100 each	4,00,000	Fixed assets	3,00,000
Debentures	1,00,000	Stock	1,50,000
Sundry creditors	1,50,000	Debtors	60,000
		Discount on debentures	10,000
		Bank	1,000
		P & L A/c	2,69,000
	8,50,000		8,50,000

The following reconstruction scheme was approved

- (a) Preference shares be reduced to 8% preference shares of Rs.60 each
- (b) Equity shares to be reduced to Rs.80 each
- (c) The amount thus made available for utilized to write off fictitious assets including goodwill and Rs.50,000 from fixed assets

Conclude the Journal entries for the reconstruction and the final balance sheet.
