

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

21UCCCT3004 - Corporate Accounting

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

Section B

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

- On 1st April 2024, A Ltd issued 5,00,000 Equity shares of Rs.10 each to public. Share money is payable as Rs.2 on Application, Rs.3 on Allotment, Rs.2.50 on First call and Rs 2.50 on Second call. All the money due were received except first and final call on 2000 shares. Pass journal entries to record the above transactions.
- Determine the maximum managerial remuneration available to full time director of a company. The profit & loss account showed a net profit of Rs.40,00,000 after taking into account the following items. Depreciation (including special depreciation) Rs.1,00,000, Provision for income tax Rs.2,00,000, Donation to political party Rs.50,000, Ex-gratia payment to a worker Rs.10,000, Capital profit on sale of assets Rs.15,000.
- On 31st March, 2024 the balance sheet of a limited company disclosed the following position:

Balance sheet as on 31st March,2024

Liabilities	Rs.	Assets	Rs.
Equity shares [40,000 shares of Rs.10 each fully paid]	4,00,000	Fixed assets	5,00,000
Reserves	30,000	Current assets	2,00,000
Profit and Loss account	80,000	Goodwill	40,000
5% Debentures	1,00,000		
Current liabilities	1,30,000		
	7,40,000		7,40,000

On 31st March,2024,the fixed assets were valued at Rs.3,50,000 and Goodwill at Rs.50,000. Compute the value of shares by Net asset method.

- The Life Assurance Fund of an Insurance Company on 31st March, 2021 showed a balance of Rs.87,76,500. It was later found that the following were not taken into account:
 - Dividend from Investment Rs.4,80,000
 - Income-tax on above Rs.48,000
 - Bonus in reduction of premium Rs.8,77,500 (not taken as expense)
 - Claims covered under Re-Insurance Rs.4,23,000
 - Claims intimated but not accepted by the company Rs.7,62,000

Ascertain correct balance of the Fund.

- Anju Ltd., buys its own 12% Debentures of the nominal value of Rs.40,000 at Rs.96 on 31st March,2023. Journalise if the own debentures purchased are kept as investment and the quotation is (i) Cum interest(ii)Ex-interest. The debenture interest is payable on 30th June and 31st December every year.

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6. Prepare the Balance sheet of AB Ltd., as required under Schedule VI of the Companies Act.

	Rs.		Rs.
Term loan	10,00,000	Loss for the year	3,00,000
Sundry creditors	11,45,000	Sundry debtor	12,25,000
Advances	3,72,000	Miscellaneous expenditure	58,000
Cash and Bank	2,75,000	Loans form directors	2,00,000
Staff advance	55,000	Provision for doubtful debts	20,200
Provision for taxation	1,70,000	Stores	4,00,000
Securities premium	4,75,000	Fixed assets (WDV)	56,50,500
Loose tools	50,000	Capital work-in-progress	2,00,000
Investments	2,25,000	Finished goods	7,50,000
General reserves	20,50,000		

Additional Information

- (i) Share capital consists of: (a) 30,000 Equity shares of Rs.100 each fully paid up; (b) 10,000, 10% preference shares of Rs.100 each.
- (ii) Term loans are secured.
- (iii) Depreciation on assets Rs.5,00,000

7. The following is the balance sheet of A,B and C, who are equal partners, as on 31st March 2023;

Balance sheet of A, B and C as on 31.3.2023

Liabilities	Rs.	Assets	Rs.
Capital accounts:		Buildings	50,000
A	75,000	Machinery	35,000
B	60,000	Furniture	20,000
C	50,000	Investments	30,000
Creditors	39,000	Stock	37,000
Bills payable	20,000	Sundry debtors	42,000
		Cash and bank balance	30,000
	2,44,000		2,44,000

The firm taken over by the company AB Ltd on the following terms:

1. The assets are valued at- Buildings Rs.80,000; Machinery Rs.40,000; Furniture Rs.18,000; and all current assets at book value
2. The investments is not taken over
3. All liabilities are taken over at book values.
4. 80% of purchase consideration is payable in fully paid shares of Rs.10 each and the balance in cash.

Calculate purchase consideration and forms of payments

8. Explain the method of treating the following items in the accounts of Insurance company

- i) Bonus in reduction
- ii) Surrender value

Section C

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

9. CD Ltd., had issued 1,50,000 10% Preference shares of 10 each, redeemable at a premium of 10% on 31.12.24. The dividend for 2024 is yet to be paid. The company has adequate balance in general reserve. To provide funds for redemption, the company

- (i) Sold investment costing Rs.2,00,000 for Rs.3,00,000,
- (ii) Issued for cash Rs.2,500, 15% Debentures of Rs.100 at par
- (iii) Issued 50,000 Equity shares of Rs.10 each at a premium of Rs.4 per share. The payment of dividend, premium and capital was duly carried out. Show journal entries.

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10. Krishna underwriters the new issue of 2,000 shares of Rs.100 each of Rama Company Limited. The agreed commission was 5% payable as 60% in cash and the rest in fully paid shares. The public subscribed for 800 shares and the rest had to be taken by the underwriter. The shares were subsequently quoted in the market at 15% discount. Make necessary entries in the books of the company and underwriter and prepare the shares account in the books of the underwriter
11. The following balances are extracted from the books of Chandra Ltd., for the year ended March 31, 2023

	Rs.		Rs.
Buildings	6,00,000	Sundry creditors	3,50,000
Furniture	60,000	Profit and loss a/c (Cr)	20,000
Motor vehicles	60,000	Gross profit	9,60,000
Equity shares of companies	4,00,000	Dividend received on investments	10,000
Shok-in-trade	4,00,000	Salaries and wages	2,20,000
Sundry debtors	2,80,000	Directors' fees	8,000
Cash at bank	1,72,000	Electricity charges	25,000
Advances against construction of building			
Share capital- 10,000	1,30,000	Rates, taxes and insurance	10,000
Equity shares of Rs.100 each	10,00,000	Auditor's fees	15,000

Prepare the profit and loss account of the company for the year ended 31st March 2023 and the balance sheet as on that date after the following adjustments

- i) Provide 10% stock depreciation per annum on fixed assets
 - ii) Debts more than 6 months are Rs.80,000
 - iii) Ignore provision for tax
12. Vijay Ltd., was formed with an authorised capital of Rs.25,00,000 divided into 2,50,000 equity shares of Rs.10 each. It took over the business of Vijay Associates as a going concern for a purchase consideration of Rs.8,50,000. The following is the balance sheet of Vijay Associates

	Rs.		Rs.
Bills payable	25,000	Cash in hand	17,000
Sundry creditors	46,000	Cash at bank	36,000
Mortgage loan	2,00,000	Stock	70,000
Capital account	5,50,000	Sundry debtors	94,000
		Bills receivable	31,000
		Land and building	3,40,000
		Machinery	2,33,000
	8,21,000		8,21,000

The company took over all assets and liabilities on the following revaluations:

Land and Building Rs.5,25,000
Machinery Rs.2,50,000

Current assets are taken over at book values subject to making a provision of 5% on debtors. The purchase consideration was settled in fully paid shares. The preliminary expenses amounted to Rs.10,000. The company issues 25,000 shares to the public at 20% premium, payable in full along with share application. All shares were taken by the public and paid for. The company issued 10% debentures to settle the mortgage loan. Give necessary journal entries to record the transactions and also prepare the balance sheet of the company.

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13. Following were the balances extracted from the Trail Balance of the Indian Life Assurance Society at 31st March, 2021

	Rs.		Rs.
Balance of account at the beginning of the year	20,00,000	Premiums (other than single)	2,00,000
Govt. securities	10,00,000	Claims admitted but not paid	6,000
Profit on realisation of assets	2000	Surrenders	20,000
Investment fluctuation A/c	10,000	Single premiums	80,000
Claims under policies by death	60,000	Consideration for annuities granted	50,000
Claims under policies by maturity	1,00,000	Interest, dividends and rent received	70,000
Loans on mortgages	5,60,000	Depreciation of furniture	3,000
Loans on policies	3,00,000	Administrative expenses	36,000
Freehold property and furniture	83,000	Salaries	3,000
Lease properties	20,000	Auditor's fees	1,500
Agent's Balances owing	3,600	Director's fees	300
Sundry creditors	2,000	Legal expenses	1,000
Outstanding premiums	24,000	Advertising	1,400
Commission paid	24,000	Printing, stationery and others	10,800
Interest accrued not due	3,000	Cash at Bank	1,68,400
		Provision for depreciation	3,000

Prepare Revenue Account and Balance Sheet.
