

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. - END SEMESTER EXAMINATIONS - NOVEMBER 2025

SEMESTER - III

20UCOCT3005 - Corporate Accounting

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

Section B

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

1. YMD Co.Ltd., issued 50,000 equity shares of ₹.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 by the public. Pass journal entries in the books of company when
 - (a) Shares are issued at par
 - (b) Shares are issued at a premium of 10% and
 - (c) Shares are issued at a discount of 10%.
2. A company issues 10,000 equity shares of ₹.10 each at par. The issue was underwritten by K&Co., for maximum commission permitted by law. The public applied for and received 8,000 shares. Give journal entries in the company's books.
3. From the following data, Calculate profit prior to incorporation
 - Time ratio : 1:2
 - Sales ratio : 1:3
 - Gross Profit : ₹.1,70,500
 - Administrative expenses : ₹.69,600
 - Expenses relating to sales : ₹.18,600
 - Preliminary expenses : ₹.11,560
4. From the following particulars, determine the maximum remuneration available to a full-time director of a manufacturing company. The Profit & Loss A/c of the company showed a net profit of ₹.20,00,000 after taking into account the following items:
 - (a) Depreciation (including special depreciation of ₹.20,000) ₹.50,000
 - (b) Provision for income tax ₹.1,00,000
 - (c) Ex-gratia payment to a worker ₹.5,000
 - (d) Capital profit on sale of assets ₹.7,500
 - (e) Donation to political parties ₹.25,000

Contd...

5. A firm earned net profits during the three years as follows:

	₹
I Year	36,000
II year	40,000
III year	44,000

The capital investment of the firm is ₹.1,00,000.

A fair return on the capital, having regard to the risk involved, is 10%.

Calculate the value of goodwill on the basis of 3 year's purchase of super profit.

6. On 1.2.89, a company purchased 20 of its own debentures of ₹.1,0000 each as investment at ₹.970 and cancelled them on 30.6.90. Rate of interest is 10% and the interest is payable on 30th June and 31st December each year. Give journal entries for purchase and cancellation of debentures if
- The purchase price was ex-interest.
 - The purchase price was cum-interest.
7. Prepare the different methods of purchase consideration.
8. Dissect the procedure for reducing share capital.

Section C

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

9. MTR Ltd., Issued for public subscription 20,000 equity shares of ₹.10 each at a premium of ₹.2 per share payable as under:

- On application - ₹.2 per share
- On allotment - ₹.5 per share
- On first call - ₹.2 per share
- On second call - ₹.3 per share

Applications were received for 30,000 shares. Allotment was made pro-rata to the applicants for 24,000 shares, the remaining applications were refused. Money over paid on application was utilised towards sums due on allotment.

Akbar to whom 800 shares were allotted, failed to pay allotment and calls money and Babar to whom 1,000 shares were allotted failed to pay the two calls. These shares were subsequently forfeited after the second call was made. All the forfeited shares were sold to Charles as fully paid up at ₹.8 per share.

Show the journal entries in the books of MTR Ltd.

10. Bharath Ltd., issued 1,50,000 equity shares. The whole of the issue was underwritten as follows:

X-50% Y-25% Z-25%

Applications for the 1,20,000 shares were received in all, out of which application for 30,000 shares and the stamp of X, those for 15,000 shares that of Y and those for 30,000 shares that of Z. the remaining applications for 45,000 shares did not bear any stamp. Determine the liability of the underwriters.

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11. On 1st April 2006, Nagarajan Ltd., acquired the business of Hariharan taking over all the assets with the exception of book debts which it undertook to collect on behalf of Hariharan and out of the proceeds pay the liabilities owing at the date of the transfer. On that date, the book debts amounted to ₹.54,000 and creditors ₹.37,000. The company agreed to do the job for vendors on 3 percentage commission on amount collected and 1 percentage on amount paid. The company could not collect ₹.2,800 from the existing debtors and allowed ₹.300 as cash discount to the remaining debtors. The company could collect the time barred debt (which was written off as bad by the vendors) of ₹.2,000. The company paid ₹.35,000 to creditors in satisfaction of total amount due. However, the company was forced to meet a contingent liability on bills discounted by the vendors of ₹.3,000. Pass journal entries in the books of Nagarajan Ltd.
12. Moon and Star Co. Ltd., is a company with an authorized capital of ₹.5,00,000 divided into 5,000 equity shares of ₹.100 each on 31.12.1985 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.1985.

Trial balance of Moon and Star Co.Ltd.

Debit	₹	Credit	₹
Opening stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount received	3,150
Wages	70,000	Profit&Loss A/c	6,220
Discount allowed	4,200	Creditors	35,200
Insurance (up to 31.3.86)	6,720	Reserves	25,000
Salaries	18,500	Loan from Managing Director	15,700
Rent	6,000	Share capital	2,50,000
General expenses	8,950		
Printing	2,400		
Advertisements	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,500		
Furniture	17,100		
Bank	34,700		
Bad debts	3,200		
Call-in-arrears	5,000		
	6,60,270		6,60,270

Contd...

You are required to prepare Statement of Profit & Loss for the year ended 31.12.1985 and a balance sheet as on that date. The following further information is given:

- (a) Closing stock was valued at ₹.1,91,500
- (b) Depreciation on plant 15% and on furniture at 10% should be provided
- (c) A tax provision of ₹.8,000 is considered necessary.
- (d) The directors declared an interim dividend on 15.8.85 for 6 months ending June 30, 1985@6%.

13. Explain the methods of valuation of shares.
