

Roll.No.

23UBICT4008

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 - NOVEMBER 2025
SEMESTER - IV**23UBICT4008 - Corporate Accounting**

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

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

1. Explain pro-rata allotment of shares.
2. Nalli & Co., Ltd., was registered with an authorized capital of Rs.20,00,000 divided into 20,000 shares of Rs.100 each. The company offered 12,000 shares to the public which were payable as follows;
Rs.20 on application
Rs.40 on allotment
Rs.40 on Call
Application for 18,000 shares were received on which the directors allotted as follows:
Applicants for 10,000 shares - Full
Applicants for 5,000 shares - 2,000 shares
Applicants for 3,000 shares - Nil
The excess application money was adjusted towards allotment. All the money due on allotment and call was fully received. Make the necessary entries in the company's books.
3. A Co., Ltd., was incorporated on May 1, 2008 to take over the business of X Co., as a growing concern from January 1, 2008. The profit and loss account for the year ending December 31, 2008 was as follows:

Particulars	Rs.	Particulars	Rs.
To Rent and taxes	12,000	By Trading account	1,55,000
To Insurance	3,000		
To Electricity	2,400		
To Salaries	36,000		
To Director's fees	3,000		
To Auditor's fees	1,600		
To Commission	6,000		
To Advertisement	4,000		
To Discount	3,500		
To Office expenses	7,500		
To Carriage	3,000		
To Bank charges	1,500		
To Preliminary expenses	6,500		
To Bad debts	2,000		
To Interest on loan	3,000		
To Net profit	60,000		
	1,55,000		1,55,000

The total turnover for the year ending December 31, 2008 was Rs.5,00,000 divided into Rs.1,50,000 for the period up to May 1, 2008 and Rs.3,50,000 for the remaining period.

Apportion the year's between the pre and post incorporation periods.

Contd...

4. Symcox Ltd., issued 75,000 equity shares of Rs.10 each and 5,000 Redeemable preference shares of Rs.100 each all shares being fully called and paid up on 31.03.2019. Profit and loss account showed undistributed profits of Rs.3,00,000 and general reserve stood at Rs.2,50,000. On 1.4.2019, the directors decide to redeem the existing preference shares at Rs,105 utilising as much profit as would be required for the purpose.

You are required to pass journal entries in the books of the company.

5. 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:

- i. To write off the debit balances of profit and loss account of Rs.2,10,000
- ii. To reduce the value of plant and machinery by Rs.90,000 and goodwill by Rs.40,000
- iii. To reduce the value of investments by Rs.80,000
- iv. The reduction was made by converting 50,000 preference shares of Rs.20 each fully paid to the same number of preference share of Rs.15 each fully paid
- v. By converting 50,000 equity sharers of Rs.20 each o 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.

6. From the following particulars, 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 taking into account the following items:

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

7. What are the different methods of valuation of goodwill?

8. From the following information calculate the value of goodwill on the basis of 3 years purchase of super profit.

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

Section C

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

9. Pallav Hotels Ltd., offered 1,00,000 equity shares of nominal value of Rs.10 each for public subscrip-tion. The amounts payable were: on application Rs.4.50, on allotment (including premium) Rs.4.50 and on first and final call Rs.3.00 The actual subscription was only for 90,000 shares. All the amount payable by shareholders was received except from Sudhakar who had taken 1,000 shares but failed to pay the final call.

His shares were forfeited and reissued to Prabakar at Rs.6 each.

10. The following is the information extracted from the books of Mr.Sai as on 31.03.2018.

Ordinary shares of Rs.100 each 10,00,000

5,000 preference shares of Rs.100 each 4,00,000 Rs.80 paid up

Capital reserve 2,50,000 Securities premium 1,50,000

Contd...

General reserve 3,00,000

Preference shares are to be redeemed at 10% Premium.

Fresh issue of equity shares is to be made to the extent required.

Bonus issue were made at one share at Rs.100 for three shares held.

Pass necessary journal entries.

11. Following a series of losses XYZ Co Ltd resolved to reduce its capital to 50,000 fully paid Rs.5 shares and to eliminate securities premium account. The company's Balance sheet prior to implementation of the scheme was:

Share capital: 50,000 fully paid share of Rs.10 each	5,00,000	Goodwill	1,00,000
Securities premium	50,000	Land & Buildings	1,62,000
Creditors	62,000	Plant & machinery	2,07,000
Bank overdraft	73,000	Stock	92,000
		Debtors	74,000
		Profit and Loss account	50,000
	6,85,000		6,85,000

It was resolved to apply the sum available under the scheme:

- a. To write off the goodwill account
- b. To write off the debit balance of the profit & loss account
- c. To reduce the book values of the assets by the following amounts:
 - i land and buildings 42,000
 - ii plant and Machinery 67,000
 - iii stock 33,600
- d. To provide a bad debts reserve of 10% of the book value of debtors.

Show the journal entries to give effect to the scheme and prepare the revised balance sheet after its implementation.

12. The following is the balance sheet of NSC Ltd., as on 31st Dec 1998

Liabilities	Rs.	Assets	Rs.
4,000 10% preference shares of Rs.100 each	4,00,000	Sundry assets at book value	12,00,000
60,000 equity shares of Rs.10 each	6,00,000		
Sundry Creditors	1,50,000		
Bills payable	50,000		
	12,00,000		12,00,000

The market value of 60% of the assets is estimated to be 15% more than the book value and that of the remaining 40% at 10% less than the book value. There is an unrecorded liability of Rs.10,000. Find the value of each equity share under Intrinsic value per share (it is assumed that preference shares have prior claim as to repayment of capital not for payment of dividend).

Contd...

13. Moon and Star Co., Ltd., is a company with an authorized capital of Rs.5,00,000 divided into 5,000 equity shares of Rs.100 each on 31.12.2018 of which 2,500 were fully called up. The following are the balances extracted from the ledger as on 31.12.2018.

Trial balance of Moon and Star Co. Ltd.

Debit	Rs.	Credit	Rs.
Opening stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount received	3,150
Wages	70,000	Profit and Loss A/c	6,220
Discount allowed	4,200	Creditors	35,200
Insurance (upto 31.03.19)	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		
Calls-in-arrears	5,000		
	6,60,270		6,60,270

You are required to prepare statement of profit and loss for the year ended 31.12.2018 The following further information is given:

- a. Closing stock was valued at Rs.1,91,500
- b. Depreciation on plant at 15% and on furniture at 10% should be provided
- c. A tax provision of Rs.8,000 is considered necessary
- d. The directors declare an interim dividend on 15.08.18 for 6 months ending June 30, 2018 @ 6%
- e. Provide for corporate dividend tax@ 17%
