

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 - NOVEMBER 2025
SEMESTER - III

20UAFCT3005 - Corporate Accounting

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

Section B

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

1. Bharath Ltd., issued 1,50,000 equity shares. The whole of the issue was under-written as follows:

X – 50%; Y – 25% and Z – 25%

Applications for the 1,20,000 shares were received in all, out of which applications for 30,000 shares had 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.

2. On 31.12.23, the trial balance of ABC Ltd. Show provision for tax of Rs.1,00,000 representing the provision of the previous year. The trial balance also shows income tax paid Rs.90,000. It is estimated that a provision of Rs.1,40,000 is required for the current year income tax deducted at source while receiving interest on investments amounted to Rs.20,000. The gross amount of the interest was shown in the profit and loss account. Write the provision for income tax account incorporating the above details.

3. The following particulars are available in respect of the business carried on by John

a) Capital invested – Rs.50,000

b) Trading results

Year	Profit Loss	Amount (Rs.)
1990	Profit	12,200
1991	Profit	15,000
1992	Loss	2,000
1993	Profit	21,000

- c) Market rate of interest on investment 8%
d) Rate of risk return on capital invested in business 2%
e) Remuneration from alternative employment of the proprietor Rs.3,600 p.a
f) Compute the value of goodwill of the business on the basis of 3 years purchase of super profit taking average of the last four years.

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4. Explain the objectives of Accounting Standards.
5. A company had, as part of its share capital, 1000 redeemable preference shares of Rs.100 each fully paid up. When the shares become due for redemption, the company had Rs.60,000 in its reserve fund. The company made minimum new issue of equity shares of Rs.25 each necessary for the purpose of redemption and received cash in full. Make the necessary journal entries recording the above transactions.
6. Determine the maximum remuneration payable to the part time director and manager of B Ltd., (a manufacturing company) under section 309 and 387 of the companies act from the following particulars.
Before charging any such remuneration, the profit and loss account showed a credit balance of Rs.23,10,000 for the year ended 31st March 2015 after taking into account the following informations:

Particulars	Amount (Rs.)
Capital expenditure	5,25,000
Subsidy received from government	4,20,000
Special depreciation	70,000
Multiple shift allowance	1,05,000
Bonus to foreign technicians	3,15,000
Provision for taxation	28,00,000
Compensation paid to injured workman	70,000
Ex-gratia to an employee	35,000
Loss on sale of fixed assets	70,000
Profit on sale of investments	2,10,000

7. The net profits of a company after providing for taxation for the past five years are Rs.40,000; Rs.42,000; Rs.45,000; Rs.46,000 and Rs.47,000. The capital employed in the business is Rs.4,00,000 on which a reasonable rate of return of 10% is expected. It is expected that the company will be able to maintain its super profits for the next five years. Calculate the value of good will of the business on the basis of an annuity of super profits, taking the present value of annuity of one rupee for 5 years @ 10% interest as Rs.3.78.
8. Write a note on the applicability of IFRS in India.

Section C

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

9. Ram Ltd., Issued to the public 5,000 shares of Rs.100 each at a discount of 5% payable as follow:
On application Rs.25, On allotment Rs.34, On first & final call Rs.36.

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Applications were received for 4,800 shares and all of these were accepted. All the money due was received except the first and final call on 300 shares which were forfeited. 200 of these shares were reissued at Rs.90 as fully paid. Show the required cash book and journal entries in the company's book.

10. Krishna Ltd., which had Rs.50,00,000 10% debentures outstanding, made the following purchases in the open market for immediate cancellation
- 1.4.97 1,000 debentures of Rs.100 each at Rs.99
1.9.97 2,000 debentures of Rs.100 each at Rs.97
- You are required to give the journal entries for purchase and cancellation of the debentures
- a) If the above purchase rates are 'Ex-interest'
b) If the above purchase rates are 'Cum-interest'
- Assume the interest is payable every year on 30th June and 31st December.
11. Moon and star co Ltd., Is a company with an authorised capital of Rs.5,00,000 divided into 5,000 equity shares of Rs.100 each on 31.12.2023 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.2023.

Trial balance of Moon & 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 & Loss A/c	6,220
Discount allowed	4,200	Creditors	35,200
Insurance (upto 31.3.24)	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		
Total	6,60,270	Total	6,60,270

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You are required to prepare Profit & Loss account for the ended 31.12.2023 and a balance sheet as on that date. 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 declared an interim dividend on 15.8.2023 for 6 months ending June 30, 2023 @ 6%

12. The Balance sheet of X Ltd as on 31.3.1996 is as follows:

Liabilities	Rs.	Assets	Rs.
5,000 8% pref.shares of Rs.10 each	50,000	Goodwill	10,000
10,000 equity shares of Rs.10 each	1,00,000	Fixed assets	1,80,000
Reserves (including provisions for taxation Rs.10,000)	1,00,000	Investments (5% Govt loan)	20,000
8% Debentures	50,000	Current assets	1,00,000
Creditors	25,000	Preliminary expenses	10,000
		Discount on debentures	5,000
Total	3,25,000	Total	3,25,000

The average profit of the company (after deducting interest on debentures and taxes) is Rs.30,000. The market value of the machinery included in fixed assets is Rs.5,000 more. Expected return is 10%. Evaluate the goodwill of the company at 5 times of the super profit.

13. Explain Ind AS32 – Financial Instruments and its importance in financial reporting.
