

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.Honours - END SEMESTER EXAMINATIONS - NOVEMBER 2025  
SEMESTER - III

**23UBHCT3009 - Corporate Accounting**

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

**Section B**

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

1. What is meant by a share? Describe the different types of shares with suitable example.
2. The balance sheet of exchange Ltd., as on 31-3-2009 was as follows:

Liabilities	Rs.	Assets	Rs.
Share Capital: 50,000 Equity shares of Rs.10 each, fully paid	5,00,000	Sundry assets	9,20,000
4,000 Redeemable Preference Shares of Rs.100 each fully paid	4,00,000	Bank Balance	6,00,000
Profit and Loss A/c	5,20,000		
Creditors	1,00,000		
	15,20,000		15,20,000

On the above date, the preference shares were redeemed at a premium of 10%. You are required to pass journal entries and give the amended balance sheet.

3. The following ledger balances were extracted from the books of Varun Ltd., as on 31.3.2013  
Land and building Rs.2,00,000; 12% Debentures Rs.2,00,000; Share capital Rs.10,00,000 (equity shares of Rs.10 each fully paid up); Plant and machinery Rs.8,00,000; Goodwill Rs.2,00,000; Investment in shares of Raja Ltd Rs.2,00,000, General reserve Rs.1,95,000; Stock in trade Rs.1,00,000; Bills Receivable Rs.50,000; Debtors Rs.1,50,000; Creditors Rs.1,00,000; Bank loan (unsecured) Rs.1,00,000; Provision for tax Rs.50,000; Proposed dividend Rs.55,000.  
Prepare the balance sheet of the company as per Revised schedule VI, part I of the companies Act 1956.
4. A firm earned net profits during the last three years as follows:
 

I year	Rs.36,000
II year	Rs.40,000
III year	Rs.44,000

The capital investment of the firm is Rs.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 3years' purchase of super profit.
5. The average net profits of a business as adjusted for valuation of goodwill amounted to Rs.2,35,450  
The net tangible assets employed were of the value of Rs.14,50,000. But upon valuation, they amounted to Rs.15,00,000. Assuming that 10% represented a fair commercial return, calculate the amount of goodwill by capitalising super profits.
6. The share capital of Ram Ltd., consisted of the following:
  - (a) 10,000 6% preference shares of Rs.100 each and
  - (b) 50,000 equity shares of Rs.10 each

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The shares were fully paid. The company had accumulated losses totalling Rs.3,50,000 besides preliminary expenses Rs.20,000. It was also ascertained that fixed assets which stood in the books at Rs.14,00,000 were over-valued to the extent of Rs.4,00,000.

The following scheme was adopted to write off the losses and reduce the assets.

- (i) 6% preference shares were to be converted into 7% preference shares of Rs.60 each.
- (ii) Equity shares were to be reduced to Rs.2 each. Journalise.

7. Krishna Ltd which had Rs.50,00,000 10% debentures outstanding, made the following purchases in the open market for immediate cancellation.

1.4.1997 1,000 debentures of Rs.100 each at Rs.99

1.9.1997 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.

If the above purchase rates are 'Cum-interest'. Assume the interest is payable every year on 30<sup>th</sup> June and 31<sup>st</sup> December.

8. XYZ Ltd., decides to issue 10,000 equity shares of Rs.10 each at par. The issue was underwritten by K & Co., for maximum commission permitted by law. The public applied for received 8,000 shares. Give journal entries in the company's books and also prepared balance sheet.

### Section C

I - Answer any **TWO** questions (2 × 10 = 20 Marks)

9. A Ltd., invited applications for 10,000 shares of Rs.100 each at a discount of 5% payable as follows:

On application           Rs.25

On allotment             Rs.34

On first & final call   Rs.36

Applications were received for 9,000 shares and all of these were accepted. All moneys due were received except the first and final call on 100 shares which were forfeited. Of the forfeited shares, 50 shares were reissued at the rate of Rs.90 as fully paid. show necessary journal entries in the books of the company.

10. Ganesh Ltd., was registered on 1-7-97 to acquire the running business of Suneel & Co., with effect from 1-1-97. The following was the profit and loss account of the company on 31-12-97.

Particulars	Rs.	Particulars	Rs.
To office expenses	54,000	By gross profit b/d	2,25,000
To formation expenses (written off)	10,000		
To stationery & postage	5,000		
To selling expenses	60,000		
To director's fees	20,000		
To net profit	76,000		
	2,25,000		2,25,000

You are required to prepare a statement showing profit earned by the company in the pre and post incorporation periods. The total sales for the year took place in the ratio of 1:2 before and after incorporation respectively.

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11. The Balance sheet of LKs Co. Ltd. as on 31-3-2012 was as follows:

Liabilities	Rs.	Assets	Rs.
20,000 Equity shares of Rs.10 each fully paid up	2,00,000	Fixed Assets	2,37,500
10% Redeemable Pref. Shares of Rs. 100 each fully paidup	1,00,000	Investments	12,500
Securities premium	4,850	Current Assets	95,00
Profits & Loss A/c	60,000	Share issue expenses	48,750
Current Liabilities	28,900		
	3,93,750		3,93,750

On the above date, it was decided to redeem the preference shares at a premium of 10%. The Directors wish that only the minimum number of fresh equity shares of Rs.10 each at a premium of 5% be issued to provide for redemption of such preference shares as could not otherwise be redeemed. Give the necessary journal entries and also prepare the Balance sheet after redemption.

12. The balance sheet of 'Not-so-well' Ltd., as on 31<sup>st</sup> Dec 1990 was as follow:

Liabilities	Rs.	Assets	Rs.
Share capital: 3000 cumulative 7% pref.shares of Rs.100 each, fully paid	3,00,000	Fixed assets (including goodwill Rs.40,000)	10,00,000
6,000 equity shares of Rs.100 each fully paid	6,00,000	Investments	15,000
General reserve	80,000	stock	1,50,000
Securities premium	10,000	Sundry debtors	1,85,000
Current liabilities Contingent liabilities (4 years dividend on pref. share)	4,00,000	Bank	40,000
	13,90,000		13,90,000

The directors proposed the following scheme of reconstruction.

- i. The preference shares are to be exchanged for 3,000, 8% debentures of Rs.100 each.
- ii. The dividend arrears are to be settled by issue of 6,000 6% preference shares of Rs.10 each and 600 equity shares of Rs.60 each
- iii. Equity shares are to be reduced by Rs.40 each. These shareholders are also to subscribe for cash one (new) equity share for every 10 shares held.
- iv. Goodwill is to be written off and the fixed assets be reduced by Rs.80,000.
- v. Stock to be increased by Rs.4,000. Debtors to be written down by Rs.12,000 and investments to be written down to their market value of Rs.13,000.

Pass journal entries to give effect to the scheme and prepare balance sheet after the scheme was carried out on 31.12.1990.

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II - Compulsory question (1 × 10 = 10 Marks)

13. 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 31.12.1985 of which 2,500 shares were fully called up. The following are the balance extracted from the ledger as on 31.12.1985.

**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(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

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 information is given:

- Closing stock was valued at Rs.1,91,500
- Depreciation on plant at 15% and on furniture at 10% should be provided.
- A tax provision of Rs.8,000 is considered necessary.
- The directors declared an interim dividend on 15.8.85 for 6 months ending June 30,1985 @6%.
- Provide for corporate dividend tax @17%.

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