

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 - NOVEMBER 2025  
SEMESTER - III

**21UCCCT3004 - Corporate Accounting**

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

**Section B**

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

1. The following extract from the balance sheet of Gayathri Co.Ltd. as on 31<sup>st</sup> Dec.2018, is given to you

	Rs.
Share capital:	
2,00,000 Equity shares of ₹.10 each	20,00,000
3,00,000 6% redeemable Preference shares of ₹.10 each	30,00,000
Capital Reserve	15,00,000
General Reserve	9,00,000
Profit & Loss A/c	25,50,000

The company exercises its option to redeem the preference Shares on 1<sup>st</sup> Jan.2019. The company has sufficient cash. Give journal entries to record the redemption.

2. 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

3. Explain the steps involved in calculating managerial remuneration.
4. X Ltd. has 10,000 equity shares of Rs.10 each, Rs.8 paid and 1,00,000, 6% preference shares of Rs.10 each fully paid. The company has a practice of transferring 20% of the profit to general reserve every year. If the expected profit (based on past years' performance) before tax is Rs.2,00,000 and the rate of tax is 50%. You are required to calculate the value of equity share. It may be assumed that normal rate of dividend is 20%

**Contd...**

5. The revenue account of a life assurance company shows the Life Assurance Fund on 31.3.2006 at ₹.62,21,310. before taking into accounting the following:
- Claims covered under reinsurance ₹.12,000
  - Bonus utilised in reduction of Life Insurance Premium ₹.4,500
  - Interest accrued on securities ₹.8,260
  - Outstanding premiums ₹.5,420
  - Claims intimated but not admitted ₹.26,500
- What is the Life Assurance Fund after taking into account the above omissions?
6. 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 45,00 shares did not bear any stamp. Determine the liability of the underwriters.
7. Apply the various methods of valuation of goodwill.
8. Indicate the kinds of shares under the companies Act,2013.

### Section C

Answer any **THREE** questions (3 × 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. Timex Ltd., issued 1,000 8% debentures of ₹.100 each. Give appropriate journal entries in the books, if the debentures were issued as follows:
- Issued at par, redeemable par,
  - Issued at a discount of 5%, repayable at par.
  - Issued at a premium of 10%, repayable at par.

**Contd...**

- (iv) Issued at par, redeemable at a premium of 10%.
- (v) Issued at a discount of 5%, repayable at a premium of 10%.

You are also required to show how the items concerned appear in the Balance sheet in each of the above cases.

11. 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 t 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 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%.
- e) Provide for corporate dividend tax @ 17%

**Contd...**

12. On 31<sup>st</sup> Dec 1995, the balance sheet of a limited company disclosed the following position:

Liabilities	₹.	Assets	₹.
Issued capital in Rs.10 shares	4,00,000	Fixed assets	5,00,000
Reserves	90,000	Current assets	2,00,000
Profit & loss A/c	20,000	Good will	40,000
5% debentures	1,00,000		
Current liabilities	1,30,000		
	7,40,000		7,40,000

On 31<sup>st</sup> Dec.1995, the fixed assets were independently valued at Rs.3,50,000 and the good will at Rs.50,000. The net profits for the three years were: 1993-Rs.51,600; 1994-Rs.52,000 and 1995-Rs.51,650 of which 20% was replaced to reserve, this proportion being considered reasonable in the industry in which the company is engaged and where a fair investment return may be taken at 10%.

Compute the value of the company's share by (a) the net assets method and (b) the yield method.

13. The following figures relate to Life Insurance Corporation for the year ended 31.3.2006. prepare the Revenue A/c.

Particulars	(₹.000)	Particulars	(₹.000)
Claims	39	Consideration for annuities granted	16.5
Management expenses	14	Surrenders	9
Directors' fees	4	Premium received	151
Audit fees	3	Life fund (1.4.05)	1150
Medical expenses	.5	Interest received	40
Agent's Commission	5	Rent received	10
Depreciation	4	Claims cancelled	.5
Bonus in reduction of premium	1.5	Annuities	1.5

Note:

- (a) Premium outstanding ₹.9 Thousand  
 (b) Claims outstanding ₹.3 Thousand

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