

(FOR THE CANDIDATES ADMITTED

22UBP305

DURING THE ACADEMIC YEAR 2022 ONLY)

REG.NO. :

**N.G.M. COLLEGE (AUTONOMOUS): POLLACHI**  
**END-OF-SEMESTER EXAMINATIONS: NOVEMBER 2023**

**Bcom.BPS**

**MAXIMUM MARKS: 50**

**SEMESTER:III**

**TIME: 3 HOURS**

**PART - III**

**22UBP305- CORPORATE ACCOUNTING**

**SECTION – A**

**(10 X 1 = 10 MARKS)**

**ANSWER THE FOLLOWING QUESTIONS.**

**(K1)**

1. A Company may issue \_\_\_\_\_  
a. Equity Shares b. Preference Shares c. Equity and Preference both shares d. None of the Above.
2. A debenture holder is \_\_\_\_\_  
a. An owner b. A loan creditor c. A director d. A trade creditor
3. The remuneration shall not exceed \_\_\_\_\_ of the net profits of that company  
a. 11% b. 22% c. 12% d. None of the above
4. Excess of average profit over normal profit is known is \_\_\_\_\_  
a. Profit b. Loss c. Super Profit d. Reserve
5. Preferential Creditors are shown in the statement of affairs under \_\_\_\_\_  
a. List D b. List B c. List C d. List A

**ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES (K2)**

6. What is 'Pro-rata' allotment of shares?
7. Show Sinking Fund?
8. What is meant by interim dividend?
9. Recall normal rate of return?
10. Who are preferential creditors?

**SECTION – B**

**(5 X 3 = 15 MARKS)**

**ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)**

11. a) A company issued 20,000 shares of Rs.10 each payable  
Rs. 3 on Application,  
Rs. 3 on Allotment,  
Rs. 4 on First and Final call  
All shares were subscribed and duly paid for. Pass journal entries.

**(OR)**

**(CONT....2)**

b) Mr.Kumar is a shareholder in Fine Chemicals Ltd. Holding 2000 shares of Rs.10 each. He has paid Rs.2 and Rs.3 per share on applications allotment respectively, but failed to pay Rs.3 and Rs.2 per share for first and second calls respectively. Directors forfeit his shares. Give journal entry.

12. a) Neeja Ltd., has part of its share capital as 5000 Redeemable Preference Shares of Rs.100 each. When the shares become due for redemption, the company decided that the whole amount will be redeemed out of a fresh issue of equal amount of equity shares of Rs. 10each. Show the journal entries in the books of the company.

(OR)

- b) A Ltd. issued 1,000 12% debentures of Rs. 100 each. Journal entries under two situation.  
 (i) Issued at par and redeemable at par  
 (ii) Issued at a discount of 5% and redeemable at repayable at par.

13. a) From the following particulars of AK Ltd. calculate the maximum remuneration payable to the managing director and other part-time directors of the company

Net Profit before provision for income-tax and managerial remuneration, but after depreciation and provision for repairs	Rs.8684100
Depreciation provided in the books	Rs.3200000
Repairs for machinery provided for during the year	Rs.250000
Actual expenditure incurred on repairs during the year	Rs.150000

(OR)

- b) Write the statement of Profit and Loss account as per the companies act 2013.

14. a) A firm earns Rs.1,20,000 as its annual profits, the rate of normal profit being 10%. The assets of the firm amount to Rs.9,60,000. Find out the value of goodwill by capitalization method.

(OR)

- b) Calculate goodwill on the basis of three years purchases of the last five years average profits. The profits for the last five years are

I year –	Rs.4,800
II year –	Rs.7,200
III year –	Rs.10,000
IV year –	Rs.3,000
V year –	Rs.5,000

15. a) From the following particulars calculate the managerial remuneration

Secured Creditors Rs.50000 (Securities realized: Rs.60000)

Other assets realized Rs.80000

Liquidators Remuneration 3% on the amount realized.

(OR)

- b) From the following information prepare liquidator's final statement of account.

Cash at bank	1,00,000
Surplus from securities	10,10,000
Expenses of liquidation	30,000
Liquidators remuneration	7,000
Preferential creditors	2,00,000
Unsecured creditors	7,00,000
Preferential shareholders	1,00,000
Equity shareholders	1,00,000

(CONT....3)

**SECTION – C****(5 X 5 = 25 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K4 or K5)**

16. a) X co., Ltd., issued 5000 shares of Rs.10 each at a premium of Rs.2 per share. The amount was payable as under.  
 On Allotment Rs.5 (Including Premium)  
 On First Call Rs.2 per share  
 On Final Call Rs.2 per share  
 All money were duly received except on first call 300 shares and on final call 400 shares. Pass journal entries.

**(OR)**

- b) The directors of A Co. Ltd. forfeit 10 shares of Rs.50 each belonging to 'Ramesh' who had paid Rs.5 per share on application, Rs.10 on allotment and Rs.15 on first call but failed to pay the final call of Rs.20. The same shares are then reissued to 'Ravi' as fully paid on receipt of Rs.400. Pass journal entries with narration to record the forfeiture and the reissue of shares.
17. a) A company has 20,000 9% redeemable preference shares of Rs.100 each fully paid. The company decides to redeem the shares on 31-12-2022 at a premium of 10%. The company makes the following issues:  
 i) 12,000 equity shares of Rs. 100 each at a premium of 10%  
 ii) 8,000 8% Debentures of Rs. 100 each.  
 The issue was fully subscribed and allotments were made. The redemption was duly carried out. The company has sufficient profits. You are required to give the necessary entries.

**(OR)**

- b) MR Ltd. issued 50,000 8% debentures of Rs.10 each to the public at par, to be paid Rs.4 on application and the Balance on allotment. Applications were received for 48,000 debentures. Allotment was made to all the applicants and the amount due was received promptly. Give journal entries to record the transactions and show how they appear in Balance sheet.
18. a) 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 31.12.2005 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12 2005.

Trial balance of Moon &amp; 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 31.3.06)	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		
Advertisement	3,800		
Bonus	10,500		
Debtors	38,700		
Plant – B/s-A-FA	1,80,500		
Furniture	17,100		
Bank	34,700		
Bad debts	3,200		
Calls – in - arrears	5,000		
	6,60,270		6,60,270

**(CONT....4)**

You are required to prepare statement of Profit & Loss for the year ended 31.12.05 and a balance sheet as on that date. The following further 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 15.8.05 for 6 months ending June 30, 2005 @ 6%

Provide for corporate dividend tax @ 17%

**(OR)**

b) The following is the Profit and Loss Account of S.S. Ltd. for the year ended 31st March, 2021:

Particular	Rs.	Particulars	Rs.
To Salaries and wages	1,50,000	By Gross Profit	40,00,000
To Repairs to fixed assets	50000	By Profit on sale of machinery (cost 8,00,000 and written down value 4,00,000)	4,50,000
To General expenses	40000	By Subsidy from the Government	1,00,000
To Compensation for breach of contract	25000		
To Depreciation	2,40,000		
To Loss on sale of investment	35000		
To Expenditure on scientific research (cost of setting up a new laboratory)	2,50,000		
To Debenture interest	75000		
To Interest on unsecured loans	15000		
To Provision for Income-tax	16,00,000		
To Proposed dividends	10,00,000		
To Balance c/d	10,70,000		
	<b>45,50,000</b>		<b>45,50,000</b>

Calculate the overall managerial remuneration under Section 198.

19. a) From the following information, compute the value of goodwill by capitalising super profits:
- (i) Average capital employed is Rs.300000
  - (ii) Normal rate of profit is 12%
  - (iii) Profit for 2017 Rs.30000; 2018 Rs.40000; 2019 Rs.50000; 2020 Rs.45000
  - (iv) Non- recurring income of Rs.3000 is included in the above mentioned profit of Rs.30000.

**(OR)**

b) From the following information calculate the value per equity share: Rs.5,000 8% preference shares of Rs.100 each 5,00,000

75,000 equity shares of Rs.10 each, Rs.8 per share paid up 6,00,000

Expected profits per year before tax 2,80,000

Rate of tax 50% Transfer to general reserve every year 20% of the Profit

Normal rate of earnings 10%

20. a) From the data relating to a company (in voluntary liquidation), you asked to prepare liquidator's final statement of account.
- (i) Cash with liquidator Rs.6,73,800.
  - (ii) Preferential creditors to be paid Rs.30,000
  - (iii) Other secured creditors Rs.2,15,000
  - (iv) 4,000 6% preference shares of Rs.100 each, fully paid
  - (v) 2,000 equity shares of Rs.100 each, Rs.75 per share paid up
  - (vi) 6,000 equity shares of Rs.100 each, Rs.60 per share paid up
  - (vii) Liquidator's remuneration 2% on preferential and other unsecured creditors
  - (viii) Preference dividends were in arrears for 2 years.

**(OR)**

b) On December 31, 2021 the assets and liabilities of Mani of Madras were Rs.60,000 and Rs.45,000 respectively as per the books.

He estimated his deficiency to be Rs.20,000.

He found subsequently that the following were not taken into account.

(i) Interest on his capital of Rs.30,000 at 6% for one year.

(ii) Liability on bills discounted amounting to Rs.10,000 out of which Rs.3,000 was expected to be dishonored.

(iii) Salaries Rs.1,400, wages Rs.500 and rent to landlord for three months Rs.150.

Prepare Statement of Affairs and Deficiency Account.

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