(FOR THE CANDIDATES ADMITTED DURING THE ACADEMIC YEAR 2024-25 ONLY)

SUBJECT CODE 24 UCO 305

REG.NO.

N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI

END-OF-SEMESTER EXAMINATIONS : NOVEMBER – 2025

B.Com. (AIDED & S.F.) **MAXIMUM MARKS: 75**

III SEMESTER **TIME : 3 HOURS**

PART – III
CORPORATE ACCOUNTING – I
SECTION – A (10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS. **(K1)**

1. Which is transferred to the profit on reissue of forfeited shares?
- a) General Reserve
- b) Capital Reserve
- c) Capital Redemption Reserve
- d) Profit and Loss A/c

2 The maximum managerial remuneration to a managing director or whole-time director should not exceed what percentage of net profits in a company with a single director?
- a) 5%
- b 10%
- c) 15%
- d) 20%

3 In which one of the Accounting Standard denotes Amalgamation ?
- a) AS – 8
- b) AS - 14
- c) AS – 20
- d) AS - 3

4 Where will be credited to any gain on revaluation of the assets at the time of internal reconstruction?
- a) Capital Reserve A/c
- b) Share Capital A/c
- c) Capital Reduction A/c
- d) Goodwill A/c

5 Which list deals with deficiency a/c ?
- a) List A
- b) List G
- c) List H
- d) List E

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

6. Explain Debenture.
7. Describe Managerial Remuneration.
8. Explain Amalgamation.
9. What is internal reconstruction of a company?
10. What is the main purpose of liquidation of a company?

(CONTD …. 2)

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SECTION – B (5 X 5 = 25 MARKS)

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

11 a) Kailash Ltd. purchased the business of Mani Bros. for the Rs.54,00,000 payable in fully paid shares of Rs.100 each. What entries will be made in the books of Kailash Ltd., if such issue is (a) at par (b) at a premium of 20% and (c) at a discount of 10%.

(OR)

b) The directors of 'Z' Co. Ltd. Forfeit 10 shares of Rs.50 each belonging to "Karthik" 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 'Raj' as fully paid on receipt of Rs.400. Pass journal entries with narration to record the forfeiture and the reissue of shares.

12 a) b) Draft a Specimen Journal entries for the following:

a) Debenture issued at par and redeemed at premium

b) Debenture issued at discount and redeemed at par

(OR)

b) From the following particulars determine the maximum remuneration available to the full Time Directors of the manufacturing company. The Profit and Loss Account of the company showed a Net Profit of Rs. 40,00,000 after taking into account the following items:

		Rs.
(i)	Depreciation (including special depreciation of Rs.40,000)	1,00,000
(ii)	Provision for Taxation	2,00,000
(iii)	Donation to political parties	50,000
(iv)	Ex-gratia payment to a worker	10,000
(v)	Capital profit on sale of assets	15,000

13 a) Raman Ltd., agrees to purchase the business of Krishnan Ltd., on the following terms:

(a) For each of the 10,000 shares of Rs. 10 each in Krishnan Ltd, 2 shares in Raman Ltd of Rs. each will be issued at an agreed value of Rs. 12 per share. In addition, Rs.4 per share cash will be paid.

(b) 8% Debentures worth Rs.80,000 will be issued to settle the Rs.60,000 9% debentures in Krishnan Ltd.

(c) Rs. 10,000 will be paid towards expenses of winding up.

Calculate the purchase consideration.

(OR)

(CONTD …. 3)

b) Following is the balance sheet of Samy Ltd as on 31-3-2004

Liabilities	Rs.	Assets	Rs.
Share Capital		Fixed Assets	16,25,000
8% Preference Shares of Rs.100 each	3,75,000	Investments	3,00,000
Equity shares of Rs.10 each	7,50,000	Current Assets	2,50,000
General Reserve	4,50,000		
7% Debentures	3,50,000		
Current Liabilities	2,50,000		
	21,75,000		21,75,000

Romy Ltd agreed to takeover the business of Samy Ltd.

Calculate the purchase consideration under net assets method on the basis of the following:

(i) Romy Ltd agreed to discharge 7% debentures at a premium of 10% by issuing 9% debentures of Romy Ltd.

(ii) Fixed assets are to be valued at 10% above book value, the investments at par, current a At 10% discount and current liabilities at book value.

14 a) Explain the provisions related to redemption of redeemable preference shares

(OR)

b) The following extract from the balance sheet of Gayathri Co. Ltd as on 31st Dec 2008 is given to you.

Share Capital	Rs.
2,00,000 Equity Shares of Rs. 10 each	20,00,000
3,00,000 6% Redeemable Preference Shares of Rs. 10 each	30,00,000
Capital Reserve	15,00,000
General Reserve	9,00,000
Profit and Loss A/c	25,50,000

The Company exercises its option to redeem the Preference Shares on 1st Jan 2009. The Company has sufficient cash. Give Journal entries to record the redemption.

15 a) 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 P&L A/c of Rs.2,10,000.

(ii) To reduce the value of Plant and Machinery by Rs.90,000 and goodwill by Rs.40,000

(CONTD …. 4)

(iii) To reduce the value of investments by Rs.80,000, the reduction was made by converting 50,000 preference shares of Rs.20 each fully paid to the same number of preference shares of Rs.15 each fully paid and by converting 50,000 equity shares of Rs.20 each on 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.

(OR)

b) The following particulars relate to a limited company which went into voluntary liquidation.

Preferential Creditors Rs. 25,000
Unsecured Creditors Rs. 58,000
6% Debentures Rs. 30,000

The assets realized Rs.80,000. The expenses of liquidation amounted to Rs. 1,500 and the Liquidators remuneration amounted to Rs. 1,500 and the liquidator's remuneration was agree at 2.5% on the realized and 2% on the amount paid to unsecured creditors including preferent creditors. Show the liquidator's final statement of account.

SECTION – C (5 X 8 = 40 MARKS)

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

16 a) MTL Ltd invited applications for 20,000 shares of Rs. 100 each payable.

Rs. 25 on application
Rs. 35 on allotment
Rs. 40 on call

25,000 shares were applied for. The directors accepted applications for 20,000 shares and rejected the remaining applications. All moneys due were fully received. Give journal entries and show the Balance Sheet of the company.

(OR)

b) X Ltd has the following Balance Sheet as on 31.03.2015:

Liabilities	Rs.	Assets	Rs.
Share Capital: Issued, Subscribed and fully paid up 10,000 Equity shares of Rs.100 each 5,000 Preference shares of Rs.100 each	 10,00,000 5,00,000	Fixed Assets	22,00,000
Capital Reserve	1,00,000	Current Assets	8,00,000
Securities Premium A/c	1,00,000		
General Reserve	2,00,000		
Profit and Loss A/c	1,00,000		
Current Liabilities	10,00,000		
	30,00,000		**30,00,000**

(CONTD …. 5)

The Preference Shares are to be redeemed at 10% premium. Fresh issue of Equity shares is to be made to the extent it is required under the Companies Act for the purpose of this redemption. The shortfall in funds for the purpose of the redemption after utilizing the proceeds of the fresh issue is to be met by taking a bank loan. Show journal entries.

17 a) Following balances where extracted from the books of E. Chandran Ltd for the year ended 31-12-81.

Particulars	Rs.
Building	6,00,000
Furniture	60,000
Motor Vehicle	60,000
Equity shares of company	4,00,000
Stock in trade	4,00,000
Sundry Debtors unsecured considered good	2,80,000
Cash at Bank	1,72,000
Advance against construction of Building	1,30,000
Share capital – 10,000 Equity shares of Rs. 100 each	10,00,000
Sundry Creditors	3,50,000
Profit and Loss A/c credited	20,000
Gross Profit	10,00,000
Dividend recovered on investment	10,000
Salary and wages	2,20,000
Directors fees	8,000
Electricity charges	25,000
Rates & Taxes and insurance	10,000
Auditors fees	15,000

Prepare the Profit and Loss account of the company for the year ended 31/12/81 and the Balance Sheet as on that date after the following adjustment:

- Provide 10% depreciation on fixed assets.
- Stock had been revalued as Rs. 3,60,000 this has not yet been considered.
- Debts more than 6 months are Rs. 80,000.
- Ignore tax provision.

(OR)

b) Draft the Balance Sheet of a limited company in prescribed form as per Schedule VI of Indian Companies Act 2013 (Vertical Format).

(CONTD …. 6)

18 a) Determine the maximum remuneration available to the Part Time Directors and Manager of Blue Print Co. Ltd. under the Companies Act, 2013 from the following particulars:

Before charging any such remuneration, statement of profit and loss showed a credit balance of Rs. 23,10,000 for the year ended 31st March 2014 after taking into account the following matters.

		Rs.
(i)	Capital Expenditure	5,25,000
(ii)	Subsidy received from Government	4,20,000
(iii)	Special Depreciation	70,000
(iv)	Multiple Shift allowance	1,05,000
(v)	Bonus to foreign technicians	3,15,000
(vi)	Provision for Taxation	28,00,000
(vii)	Compensation paid to injured workman	70,000
(viii)	Ex-gratia to an employee	35,000
(ix)	Loss on sale of fixed assets	70,000
(x)	Profit on sale of investment	2,10,000

(OR)

b) Samy Ltd issued 6% debentures for Rs. 12,00,000 on 1.1.2014. It was provided in the Debenture trust deed that the debentures are repayable at the end of 2016 with a premium of 10%. A Sinking fund was set up to provide cash for the redemption in the due date. The amounts set aside annually are to be invested in 5% government bonds. Sinking fund tables show that 0.31720856 at 5% compound interest in 3 years will become Re.1.

You are required to write the ledger accounts for all the 3 years in the company's books. Calculations may be made to the nearest rupee.

(CONTD …. 7)

19 a) The Balance Sheet of X Co. Ltd. and Y Co. Ltd. As at 31st December, 2014 are as follows:

Liabilities	X Co. Ltd. Rs.	Y Co. Ltd. Rs.	Assets	X Co. Ltd. Rs.	Y Co.Ltd. Rs.
Share capital	3,00,000	1,50,000	Goodwill	30,000	20,000
General Reserve	50,000	30,000	Land and Buildings	1,40,000	75,000
Profit and Loss Account	50,000	20,000	Plant and Machinery	1,10,000	50,000
Sundry Creditors	40,000	15,000	Stock	60,000	35,000
			Sundry Debtors	60,000	20,000
			Bank	40,000	15,000
	4,40,000	**2,15,000**		**4,40,000**	**2,15,000**

The two companies decided to amalgamate into new company Z Co. Ltd. which will take over the assets and liabilities of these companies at the following terms:

(i) X Co. Ltd.: Holders of each share of Rs.30 each in the company, would receive 6 equity shares of Rs.5 each fully paid and Rs.5 in cash.

(ii)Y Co. Ltd.: Holders of each share of Rs.15 each in the company, would receive one 12% preference share of Rs.10 each fully paid-up and Rs.10 in cash.

The liquidation expenses of the two companiesRs.2,000 an dRs.1,000 respectively were met by the new company. You are required to calculate the purchase consideration of each company separately.

(OR)

b) On 31st March, 2014, Thin Ltd, was absorbed by Thick ltd, the later taking over all the assets and liabilities of the former at book values. The consideration for the business was fixed at Rs.4,00,000 to be discharged by the transferee company in the form of its fully paid equity shares of Rs.10 each, to be distributed among the shareholders of the transferor company, each shareholder getting two shares for every share held in the transferor company. Ledger balances taken from the books of the two companies as on 31st March, 2014 stood as under:

Cr. Balances	Thick Ltd. Rs.	Thin Ltd. Rs.	Dr. Balances	Thick Ltd. Rs.	Thin Ltd. Rs.
Share Capital: Authorised	**15,00,000**	**5,00,000**	Goodwill	2,00,000	60,000
Issued and Subscribed: Equity shares of Rs.10 each, fully paid	9,00,000	2,00,000	Plant & Machinery	4,12,000	1,00,000
General Reserve	1,80,000	50,000	Furniture	80,000	30,000
Surplus Account	20,502	12,900	Stock in Trade	2,65,500	60,000
Workmen's Compensation fund	12,000	9,000	Sundry debtors	2,21,200	46,000
Sundry Creditors	58,567	30,456	Prepaid insurance	-	700
Staff Provident fund	10,200	4,000	Income tax refund claim	-	6,000
Provision for taxation	12,300	5,000	Cash in hand	869	356
			Cash at bank	14,000	8,300
	11,93,569	**3,11,356**		**11,93,569**	**3,11,356**

(CONTD …. 8)

Amalgamation expenses amounting to Rs.1,000 were paid by Thick Ltd. You are required to

(i) Prepare Realization Account and Equity shareholders Account in the books of Thin Ltd.

(ii) Pass the necessary journal entries in the books of Thick Ltd, and

20 a) The following is the Balance Sheet of Weak Co. Ltd as on 31st March 2008

Liabilities	Rs.	Assets	Rs.
1,00,000 Equity Shares of Rs. 10 each	10,00,000	Land	1,00,000
Sundry Creditors	1,73,000	Plant & Machinery	2,30,000
		Furniture & Fittings	68,000
		Stock	1,50,000
		Debtors	70,000
		Cash at Bank	5,000
		Profit and Loss A/c	5,50,000
	11,73,000		11,73,000

The approval of the court was obtained for the following scheme of reduction of capital:

(i) The equity shares to be reduced to Rs. 4 per share.

(ii) Plant and Machinery to be written down to Rs. 1,50,000

(iii) Stock to be revalued at Rs. 1,40,000

(iv) The provision on debtors for doubtful debts to be created Rs. 2,000

(v) Land to be revalued at Rs. 1,42,000.

Pass Journal entries to give effect to the above arrangement and also prepare Reconstruction Account.

(OR)

b) Following information was extracted from the books of a limited company on 31st December, 2011 on which date a winding up order was made:

Particulars	Rs.
Cash in hand	5,000
Stock-in-trade (estimated to produce Rs. 15,000)	20,000
Fixture and Fittings (estimated to produce Rs. 2,100)	3,000
Plant and Machinery (estimated to produce Rs. 15,600)	15,000
Freehold Land and Building (estimated to produce Rs.45,000)	30,000
Book Debts (estimated to produce Rs.5,200)	6,200
Unsecured Creditors	70,000
Preferential Creditors	2,000
Creditors fully secured (value of secured Rs. 11,000)	9,000
Creditors partly secured (value of securities Rs. 6,000)	10,000
Bank Overdraft, secured by a second charge on all the assets of the company	8,000
10% Debentures secured by floating charge on all the assets of the company (interest paid to date)	50,000
Equity Share Capital - 6,000 shares of Rs.10 each	60,000
11% Preference Share Capital - 6,500 shares of Rs. 10 each	65,000
Calls is Arrear on equity share (estimated to produce Rs. 1,000)	2,500
Make out Statement of Affairs as regards Creditors and Contributors.	

ETHICAL PAPER

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