

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

END-OF-SEMESTER EXAMINATIONS : DECEMBER – 2022

B.Com. (AIDED & SF)

MAXIMUM MARKS: 70

III SEMESTER

TIME : 3 HOURS

PART - III

CORPORATE ACCOUNTING

SECTION - A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS.

(K1)

1. Equity shares issued by a company to its employees.....

- a. Right issue
- b. Bonus shares
- c. Sweat equity
- d. Long term equity

2. Premium on redemption is a.....

- a. Capital profit
- b. Revenue loss
- c. Normal loss
- d. Capital loss

3. In the statement of profit & loss, amount realised from sale of goods is shown under.....

- a. Other income
- b. Income from operators
- c. Cost of materials
- d. Purchases

4. Excess of average profit over normal profit is.....

- a. Super profit
- b. Abnormal profit
- c. Excess profit
- d. Surplus profit

5. Liquidation is also called.....

- a. Amalgamation
- b. Absorption
- c. Internal reconstruction
- d. Winding up

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

6. Explain the forfeiture of share.

7. Indicate the meaning of redemption of debentures.

8. Explain the appropriations of profit.

9. Define goodwill.

10. Interpret the meaning of voluntary winding up.

SECTION – B

(5x4=20 MARKS)

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

11. a) Sree Valli Ltd. issued 1,00,000 shares of Rs.10 each to the public. Full amount is payable in a single instalment. All the shares were taken up by the public. Pass journal entries in the books of the company if (a) the shares are issued at par (b) the shares are issued at a premium of 10% and (c) the shares are issued at a discount of 10%.

(OR)

b) 'X' Co. Ltd. has the following as a part of its share capital
 10,000 8% preference shares of Rs.100 each fully paid.
 50,000 equity shares of Rs.10 each. Rs.8 called up and paid up.
 The company has decided to alter the share capital as follows:

- To sub-divide the preference shares into shares of Rs.10 each.
- To consolidate the equity shares of Rs.5 each into share of Rs.10 each.
- To convert the partly paid up equity shares into fully paid up shares of Rs.8 each, with necessary legal sanctions.

Journalise the alterations.

12. a) Anand Ltd. has 10,000 redeemable preference shares of Rs.100 each, as part of its share capital. 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.10 each.

Pass journal entries in the books of the company.

(OR)

b) Examine the various types of debentures.

13. a) From the following information, prepare the statement of profit & loss of Victory Engineering Ltd. for the year ended 31st March 2021, as per part II, Schedule III of Companies Act.

Particulars	Rs.	Particulars	Rs.
Sales	50,00,000	Depreciation on Machinery	1,10,000
Interest on dividend	5,00,000	Preliminary expenses written off	10,000
Opening stock	5,00,000	Rent	60,000
Purchases	30,00,000	Office expenses	30,000
Closing stock	2,00,000	Advertisement expenses	1,00,000
Wages	5,00,000	Selling expenses	30,000
Salaries	2,00,000	Directors' remuneration	30,000
Interest on Debentures	90,000	Depreciation on Building	30,000
Interest on bank overdraft	1,10,000	Provision for Tax @ 33.33%	

(OR)

b) From the following particulars, determine the maximum remuneration available to a full time director of a manufacturing company.

The profit and loss a/c of the company showed a net profit of Rs.40,00,000 after taking into account the following items;

Particulars	Rs.
i. Depreciation (including special depreciation of Rs.40,000)	1,00,000
ii. Provision for income tax	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

14. a) The following is the record of profits and losses of Naga&Co. Calculate the value of goodwill on the basis of 5 years' purchase of the profit of the preceding 7 years.

2010	2011	2012	2013	2014	2015	2016
Profit Rs.90,000	Loss Rs.60,000	Loss Rs.45,000	Profit Rs.1,20,000	Profit Rs.90,000	Profit Rs.1,00,000	Profit Rs.1,25,000

(OR)

b) Describe the factors which influence the value of shares of a company?

15. a) The particulars relate to a company which has gone into liquidation is as follows:

Preferential Creditors	Rs.10,000
Unsecured Creditors	Rs.32,000
Debentures	Rs.10,000

Assets realized Rs.39,650, liquidation expenses amounted to Rs.1,000. The liquidator is entitled to a remuneration of 2% on amounts paid to unsecured creditors other than preferential creditors.

(OR)

b) From the following particulars, prepare liquidator's final statement of account.

Particulars	Rs.
Cash at bank	1,00,000
Surplus from securities	10,10,000
Expenses of liquidation	30,000
Liquidator's remuneration	7,000
Preferential creditors	2,00,000
Unsecured creditors	7,00,000
Preferential shareholders	1,00,000
Equity shareholders	1,00,000

SECTION – C

ANSWER ANY FOUR OUT OF SIX QUESTIONS

(4 x 10=40 MARKS)

(16th QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS)

16. The balance sheet of XYZ Ltd. at the time of Liquidation is given below:

Liabilities	Rs.	Assets	Rs.
Equity share capital (Rs.10)	2,00,000	Fixed assets	2,00,000
Debentures	1,00,000	Stock	50,000
Loans	50,000	Sundry Debtors	1,25,000
Creditors	50,000	Cash	5,000
	<hr/>	Profit & Loss a/c	20,000
	<hr/>		<hr/>
	4,00,000		4,00,000

Fixed assets are sold for Rs.1,20,000 to a debenture holder holding Rs.40,000 debenture and cash is received after set off. Cash realized from debtors was Rs.80,000 and the liquidation expenses amounted to Rs.1000. Liquidator is paid Rs.1,000 fixed allowance plus 2% commission on collection including cash in hand Rs.5,000 as remuneration. Stock is sold for Rs.10,000.

Prepare the Liquidator's statement of account.

17. Velavan Pharma Ltd. made an issue of 1,000 shares of Rs.100 each, payable as follows: Rs.20 on application; Rs.40 on allotment; Rs.40 on call. All the shares were subscribed for by the public. All the amounts due were received except the final call on 100 shares. The shares were forfeited and reissued at Rs.70 per share. Pass Journal entries.

18. Green Apple Ltd. had 2,500, 6% Redeemable preference shares of Rs.100 each. The company decided to redeem the preference shares at a premium 10%. The general reserve of the company showed a credit balance of Rs.3,00,000. The company decided to utilize 60% of the general reserve for the redemption preference shares and to meet the balance from the proceeds of fresh issue of sufficient number of equity shares of Rs.10 each. The premium is to be met from the year's Profit & Loss Appropriation Account. Pass journal entries to record the above transaction.

19. M and S 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 31.12.2015 of which 2,500 shares were fully called up. The following are the balance from the ledger as on 31.12.2015.

Trial balance of M & S 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 31.3.2016)	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	1,80,500		
Furniture	17,100		
Bank	34,700		
Bad debts	3,200		
Calls-in-arrears	5,000		
	6,60,270		6,60,270

You are required to prepare statement of Profit & Loss for the year ended 31.12.2015 and a balance sheet as on that date. The following further information is given:

- i. Closing stock was valued at Rs.1,91,500
- ii. Depreciation on plant at 15% and on furniture at 10% should be provided
- iii. A tax provision of Rs.8,000 is considered necessary
- iv. The directors declared an interim dividend on 15.8.2015 for 6 months ending June 30, 2015 @ 6%.
- v. Provide for corporate dividend tax @ 17%.

20. The following is the balance sheet of Gloria Ltd., as on 31st March 2016.

Liabilities	Rs.	Assets	Rs.
3,000 Equity shares of Rs.100 each	3,00,000	Cash	12,000
1,500 Preference shares of Rs.100 each	1,50,000	Bank	30,000
General Reserve	40,000	Sundry debtors	80,000
Profit & Loss A/c	25,000	Stock	1,55,000
Bank loan	60,000	Land & Building	2,05,000
Sundry creditors	25,000	Furniture	30,000
	<hr/>	Goodwill	70,000
	<hr/>	Discount on shares	18,000
	<hr/>		<hr/>
	6,00,000		6,00,000

The value of assets is assessed as follows.

- Furniture is to be depreciated by 10%.
- Value of stock, land and building and goodwill is estimated at; Rs.1,40,000, Rs.50,000 And Rs.1,14,000 respectively.
- Debtors are expected to realize 90% of book value.

Find out intrinsic value of equity share.

21. T.V. Limited went into voluntary liquidation on 30th April 2018. The position on that date was under:

Liabilities	Rs.	Assets	Rs.
Share capital (5000 share of Rs.100 each Rs.80 paid up)	4,00,000	Machinery	80,000
Loans (secured by mortgage of machinery)	1,00,000	Other fixed assets	2,60,000
Unsecured loans and liabilities (including pref. dues Rs.10000)	2,00,000	Stock	1,05,000
	<hr/>	Debtors	1,00,000
	<hr/>	Loans	40,000
	<hr/>	Cash	5,000
	<hr/>	Profit and Loss a/c	1,10,000
	<hr/>		<hr/>
	7,00,000		7,00,000

Machinery was realized by the secured creditors for Rs.1,20,000. Other fixed assets fetched Rs.40,000, Debtors Rs.20,000 and Stock Rs.10,000. Loans were wholly bad. The liquidator is entitled to a fixed remuneration of Rs.1000 plus 2% of the amount paid to unsecured creditors. The liquidator's out-of-pocket expenses amounted to Rs.1,000.

Show the Liquidator's statement of account.