

FOR THE CANDIDATES ADMITTED  
DURING THE ACADEMIC YEAR 2021 ONLY)

21UBP305

REG.NO

NGM COLLEGE (AUTONOMOUS) POLLACHI

END-OF-SEMESTER EXAMINATIONS: DECEMBER-2022

B.Com-Business Process Services

MAXIMUM MARKS: 70

III SEMESTER

TIME: 3 HOURS

**PART III**

**CORPORATE ACCOUNTING**

**SECTION – A**

**(10 X1 = 10 MARKS)**

**ANSWER THE FOLLOWING QUESTIONS**

**MULTIPLE CHOICE QUESTIONS**

**(K1)**

1. Discount on issue of shares A/c is shown on \_\_\_\_\_
  - a. asset side of balance sheet
  - b. liabilities side of balance sheet
  - c. debit side of P&L A/c
  - d. credit side of P&L A/c
2. Debenture holders are the \_\_\_\_\_
  - a. Customers of the company
  - b. creditors of the company
  - c. owners of the company
  - d. debtors of the company
3. Dividend is paid on \_\_\_\_\_
  - a. authorized capital
  - b. issued capital
  - c. called up capital
  - d. paid up capital
4. Super profit is the difference between \_\_\_\_\_
  - a. capital employed and average capital employed
  - b. average profit and normal profit
  - c. current year profit and last year profit
  - d. none of the above
5. List 'E' in statement of affairs gives the list of \_\_\_\_\_
  - a. Preferential creditors
  - b. debenture holders
  - c. unsecured creditors
  - d. secured creditors

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

**(K2)**

6. Construct the meaning of allotment of shares?
7. Define debenture?
8. Extend any two items appearing under other income.
9. Define "goodwill".
10. Explain liquidation of a company?

**SECTION – B**

**(5 X 4 = 20 MARKS)**

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

11. a) Kailash Ltd., purchased the business of Mani Bros for 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)**

**(CONTD.....2)**

- b) Ram Ltd., purchased assets of Rs. 8,00,000 from Anil Bros. It issued equity shares of Rs.100 each fully paid up in satisfaction of their claim. Make journal entries to record these transactions.
12. a) Gowtham Ltd., issued 15,000 8 % debentures of Rs.100 each at a discount of 5 % payable after 5 years at a premium of 5 %. You are required to show the journal entries at the time of issue and redemption of debentures.

(OR)

- b) A company purchased building of the book value of Rs. 1, 98,000 from another firm. It was agreed that the purchase consideration be paid by issuing 10 % debentures of Rs. 100 each. Give journal entries if the debentures have been issued: (i) at par; (ii) at discount of 10 %; and (iii) at a premium of 10 %.
13. a) Give the format of statement of profit and loss as per revised schedule VI.
- (OR)
- b) Explain the remuneration payable to different categories of managerial personal.
14. a) Calculate the amount of goodwill on the basis of three years purchase of the last five years average profits. The profits for the last five years are:

|          | Rs.    |
|----------|--------|
| I Year   | 4,800  |
| II Year  | 7,200  |
| III Year | 10,000 |
| IV Year  | 3,000  |
| V Year   | 5,000  |

(OR)

- b) Briefly explain the methods of valuation of share.
15. a) A liquidator is entitled to receive remuneration @ 2% of the assets realized and 3% on the amount distributed among the unsecured creditors. The assets realized Rs. 70,00,000 against which payment was made as follows: Liquidation expenses Rs.50,000, Preferential creditors Rs.1,50,000 and Secured creditors Rs.40,00,000; unsecured creditors Rs. 30,00,000. Calculate the total remuneration payable to the liquidator.
- (OR)
- b) The following particulars relate to limited company which went into voluntary liquidation: Preferential creditors - 25,000, Unsecured creditors - 58,000, 6% debentures - 30,000. The assets realized Rs. 80,000. The expenses of liquidation amounted to Rs. 1,500 and the liquidations remuneration was agreed at 2 ½% on the amount realized and 2% on the amount paid to unsecured creditors including preferential creditors. Show the liquidators final statement of account.

**SECTION – C****(4 X 10 = 40 MARKS)****ANSWER ANY FOUR OUT OF SIX QUESTIONS.****(16TH QUESTION IS COMPULSORY AND ANSWER ANY THREE****QUESTIONS FROM Q.NO: 17 TO 21 )****(K4) OR (K5)**

16. Nalli& Co. Ltd., was registered with an authorised capital of Rs. 20, 00,000 divided into 20,000 shares of Rs. 100 each. The company offered 12,000 shares to the public which were payable: Rs.20 per share on application, Rs.40 per share on allotment and Rs. 40 on call. Applications for 18,000 shares were received on which the directors allotted as follows:  
 Applicants for 10,000 shares – full  
 Applicants for 5,000 shares – 2,000 shares  
 Applicants for 3,000 shares – Nil  
 The excess application money was adjusted towards allotment. All the money due on allotment and call was fully received. Make the necessary entries in the company's books.

17. X Co. Ltd., issued 4,000 shares of Rs.10 each at a premium of Rs.2 per share. The amount was payable as under:  
 On application – Rs. 3 per share  
 On allotment – Rs.4 per share (including premium)  
 On first call – Rs. 3 per share  
 On second call – Rs. 2 per share  
 The company received applications for 5,000 shares and the allotment was made as under:  
 (i) Applicants for 200 shares – Nil  
 (ii) Applicants for 800 shares – Full  
 (iii) Applicants for 4,000 shares – 3,200 shares  
 All moneys were duly received except the first call on 200 shares and final call on 300 shares.  
 Pass journal entries and prepare balance sheet of X Co. Ltd.,
18. On 1-1-1998, Y Ltd., issues 4,000, 12 % debentures of Rs.100 each repayable at the end of four years at a premium of 5 % .It has been decided to institute a sinking fund for the purpose ,the investments being expected to realise 4 % net. Sinking fund tables show that 0.235490 amounts to Rs.1 @ 4 % in four years. Investments were made in multiples of hundred only.  
 Only 31-12-2001, the balance at bank was Rs.1, 18,000 and the investments realised Rs.3, 13,600.The debentures were paid off. Give journal entries and show ledger accounts (except for debenture interest)
19. A Ltd., was registered with an authorised capital of Rs.6,00,000 in equity shares of Rs.10 each .The following is its trial balance on 31<sup>st</sup> march 1998.

**Trial Balance of A Ltd.,**

|                         | Debit Balance Rs. | Credit Balance Rs. |
|-------------------------|-------------------|--------------------|
| Goodwill                | 25,000            | -                  |
| Cash                    | 750               | -                  |
| Bank                    | 39,900            | -                  |
| Purchases               | 1,85,000          | -                  |
| Preliminary expenses    | 5,000             | -                  |
| Share capital           | -                 | 4,00,000           |
| 12% debentures          | -                 | 3,00,000           |
| P & L A/c (cr)          | -                 | 26,250             |
| Calls – in –arrears     | 7,500             | -                  |
| Premises                | 3,00,000          | -                  |
| Plant and machinery     | 3,30,000          | -                  |
| Interim dividend        | 39,250            | -                  |
| Sales                   | -                 | 4,15,000           |
| Stock (1-4-97)          | 75,000            | -                  |
| Furniture and fixtures  | 7,200             | -                  |
| Sundry debtors          | 87,000            | -                  |
| Wages                   | 84,865            | -                  |
| General expenses        | 6,835             | -                  |
| Freight and carriage    | 13,115            | -                  |
| Salaries                | 14,500            | -                  |
| Directors fees          | 5,725             | -                  |
| Bad debts               | 2,110             | -                  |
| Debenture interest paid | 18,000            | -                  |
| Bills payable           | -                 | 37,000             |
| Sundry creditors        | -                 | 40,000             |
| General reserve         | -                 | 25,000             |
| Provision for bad debts | -                 | 3,500              |
|                         | 12,46,750         | 12,46,750          |

Prepare statement of profit and loss and balance sheet in proper form after making the following adjustments:

- (i) Depreciate plant and machinery by 15 %
- (ii) Write off from preliminary expenses
- (iii) Provide for 6 months interest on debentures
- (iv) Leave bad and doubtful debts provision at 5 % on sundry debtors.
- (v) Provide for income tax at 50 %
- (vi) Stock on 31-3-1998 was Rs.95, 000.
- (vii) Provide for corporate dividend tax 17 %.

20. The profits of Thilaga Ltd., for the last 5 years were as follows:

|      | Rs.    |
|------|--------|
| 1994 | 15,000 |
| 1995 | 18,000 |
| 1996 | 22,000 |
| 1997 | 25,000 |
| 1998 | 27,000 |

Compute the value of goodwill of Thilaga Ltd., on the basis of 4 years purchase of weighted average profit after assigning weights 1,2,3,4 and 5 serially to the profits.

21. T Ltd., was placed in voluntary liquidation on 31.12.1982 when its balance sheet was as follows:

| Liabilities  | Rs.      | Rs.              | Assets              | Rs.              |
|--|----------|------------------|---------------------|------------------|
| Issued share capital :   |          |                  | Freehold factory    | 5,80,000         |
| 50,000 equity shares of Rs. 10 each fully paid                   | 5,00,000 |                  | Plant and machinery | 2,89,000         |
| Less : calls in arrear   | 25,000   | 4,75,000         | Motor vehicles      | 57,500           |
| 6,000,5,% cumulative preference shares of Rs.100 each fully paid |          | 6,00,000         | Stock               | 1,86,000         |
| Securities premium a/c   |          | 50,000           | Debtors             | 74,000           |
| 5% debentures a/c  |          | 1,00,000         | Profit and loss a/c | 2,14,000         |
| Interest on debentures   |          | 2,500            |                     |                  |
| Bank overdraft   |          | 58,000           |                     |                  |
| creditors  |          | 1,15,000         |                     |                  |
|  |          | <b>14,00,500</b> |                     | <b>14,00,500</b> |

The preference dividends are in arrears from 1979 onwards.

The company's articles provide that on liquidation, out of the surplus assets remaining after payment of liquidation, costs and outside liabilities, there shall be paid firstly all arrears of preference dividend, secondly the amount paid up on the preference shares together with a premium there on of Rs. 10 per share, and thirdly the balance then remaining shall be paid to the equity shareholders. The bank overdraft was guaranteed by the directors who were called upon by the bank to discharge their liability under the guarantee. The directors paid the amount to the bank.

The liquidators realized the assets as follows:

Freehold factory – Rs. 7,00,000 ; Plant and machinery - Rs. 2,40,000 ; motor vehicles – Rs. 59,000 ; stock – Rs. 1,50,000 ; debtors – Rs. 60,000 ; calls in arrears – Rs. 25,000. Creditors were paid less discount of 5 %. The debentures and accrued interest were repaid on 31.03.1983. Liquidation expenses were Rs.3, 820 and the liquidator's remuneration was 2 % on the amount realized. Prepare the liquidators statement of account.

**A-11**

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