

NGM COLLEGE (AUTONOMOUS) POLLACHI

END-OF-SEMESTER EXAMINATIONS: DECEMBER-2022

B.Com-Finance

MAXIMUM MARKS: 70

III SEMESTER

TIME: 3 HOURS

PART III

CORPORATE ACCOUNTING -1

SECTION – A

(10 X1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS

MULTIPLE CHOICE QUESTIONS

(K1)

1. Share allotment account is -----.

[a] Real a/c	[b] Nominal a/c	[c] Personal a/c	[d] Cash a/c
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2. When all debentures are redeemed, balance in the Debenture Redemption Fund Account is transferred to-----.

[a] Capital Reserve	[b] General Reserve
[c] Profit & Loss Appropriation A/c	[d] None of these
3. Which of the following assets is not shown under the head 'Fixed Asset' in the Balance Sheet?

[a] Goodwill	[b] Bills Receivable	[c] Buildings	[d] Vehicle
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4. The value of the shares of company depends on -----.

[a] Demand and supply of shares	[b] Rate of dividend paid
[c] Economic policies of Government	[d] All of these
5. A contributory is a -----.

[a] Unsecured creditors	[b] Preferential creditor
[c] Shareholder	[d] Debenture holders

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Define share.
7. What is meant by Capital Redemption Reserves?
8. Write short notes on contingent liabilities.
9. Define super profit.
10. Explain the term liquidation.

SECTION – B**(5 X 4 = 20 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)**

11. [a] Ganesh Ltd. Issued prospects inviting applications for 10,000 equity shares of Rs.10 each, payable as follows:

On application Rs. 2 per share
 On allotment Rs. 4 per share
 On first call Rs. 4 per share

The issue is fully subscribed.

Bring out the journal entries in the books of Ganesh Ltd. If all payments due as stated above were received.

(OR)

[b] Compare Share and Stock.

12. [a] The following extract from the balance sheet of Gayathri Co.Ltd. as on 31st Dec.2007, 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 & Loss A/C.....	25,50,000

The company exercises its option to redeem the preference shares on 1st Jan.2008. The company has sufficient cash. Prepare the journal entries to record the redemption.

(OR)

[b] X Ltd., issued 1,000 8% debentures of Rs.100 each. Show the journal entries in the books of the company, if the denture were issued as follows:

- Issued at par, redeemable at par.
- Issued at a discount of 5%, repayable at par.
- Issued at a premium of 10%, repayable at pat.
- Issued at par, redeemable at a premium of 10%
- Issued at discount of 5%, repayable at a premium of 10%

13. [a] Calculate the maximum remuneration available to a full-time director of a 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 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

(OR)

[b] Describe a Draft Balance sheet of a limited company in prescribed form as per Schedule VI of Indian Companies Act

(CONTD.....3)

14. [a] The profits of X Ltd. for the last 5 years were as follows:

Year	Profit
1994	15,000
1995	18,000
1996	22,000
1997	25,000
1998	27,000

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

(OR)

[b] Write short notes on Intrinsic value of shares.

15. [a] The following particulars relate to a company, which has gone into voluntary liquidation. Prepare liquidator's final statement of account, allowing for his remuneration at 2% on the amount realized and 2% on the amount distributed to unsecured creditors other than preferential creditors.

	Rs.
Preferential creditors	24,200
Unsecured creditors	1,32,100
Liquidation expenses	1,000
Assets realized	1,51,000

(OR)

[b] The following information is extracted from the books of a Drum company on June 30, 2016 on which date a winding up order was made:

	Rs
Equity share capital, 80,000 shares of Rs 10 each	8,00,000
10% preference share capital 12,000 shares of Rs 100 each	12,00,000
Calls in arrears on equity shares (estimated to produce Rs 8,000)	16,000
9% first mortgage debentures, secured by a floating charge on Whole of the assets	8,00,000
Creditors fully secured (value of shares in X Ltd Rs 1,60,000)	1,40,000
Creditors partly secured (value of shares in Y Ltd Rs 80,000)	1,60,000
Preferential creditors	30,000
Bank overdraft, secured by second a charge on the whole of the assets of the company	80,000
unsecured creditors	10,40,000
Estimated liability on bill discounted	40,000
Cash in hand	8,100
Book debts - good	1,50,000
Doubtful (estimated to produce 40%)	30,000
Bad debts	18,000
Stock in trade (estimated to produce Rs 2,38,700)	2,88,000
Freehold land & buildings (estimated to produce Rs 7,82,000)	6,60,000
Plant & Machinery (estimated to produce Rs 2,12,000)	3,00,000
Fixtures & Fittings (estimated to produce Rs 30,000)	50,000

Prepare a statement of affairs

(i) as regards creditors and (ii) as regards contributors.

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. A Ltd was registered with an Authorized capital of Rs. 6,00,000 in equity shares of Rs.1each The Following is its Trial Balance on 31st March 1998.

Trial Balance of 'A' Ltd.

Particulars	Debit Balance Rs.	Credit Balance Rs.
Goodwill	25,000	-
Cash	750	-
Bank	39,000	-
Purchase	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	26,250
Plant & Machinery	3,30,000	-
Interim dividend	39,250	-
Sales	-	4,15,000
Stock (1.4.97)	75,000	-
Furniture & fixtures	7,200	-
Sundry debtors	87,000	-
Wages	84,865	-
General expenses	6,835	-
Freight and carriage	13,115	-
Salaries	14,500	-
Director's 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

Find the statement of Profit&Loss and Balance Sheet in proper form after Making the following adjustment:

1. Depreciate plant and machinery by 15%
2. Write off preliminary expenses
3. Provide for 6 months interest on debentures
4. Leave bad and doubtful debts provision at 5% on sundry debtors.
5. Provide for income tax at 50%.
6. Stock on 31.3.1998 was Rs. 95,000.

Provide for corporate dividend tax @ 17%

17. Summarize the following data show necessary journal entries in the books of the company. A Ltd. invited applications for 10,000 shares of Rs.100 each at a discount of 5% payable as follows:

On application	Rs.25
On allotment	Rs.34
On first & final call	Rs.36

Applications were received for 9,000 shares and all of these were accepted. All money due were received except the first and final call on 100 shares which were forfeited. Of the forfeited shares, 50 shares were reissued at the rate of Rs.90 as fully paid. Show necessary journal entries in the books of the company.

18. Survey the following information prepare ledger accounts for all the three years. A company issued 6% Debentures of Rs.1,00,000 with a condition that they should be redeemed after 3 years at 10%. The amount allocated for the redemption of debentures is invested in 5%. State Government Securities. The Sinking Fund Table shows that Rs.0.317209 at 5% compound interest in 3 years will become Re.1.

19. Determine the maximum remuneration payable to the part time directors and manager of X Ltd. (a manufacturing company) under section 309 and 387 of the companies' act 1956 from the following particulars:
Before charging any such remuneration, the profit & loss account showed a credit balance of Rs.23,05,000 for the year ended 31st March 2014 after taking into account the following matters:

	Rs.
i) Profit on sale of investments.....	2,05,000
ii) Subsidy received from government.....	4,10,000
iii) Loss on sale of fixed assets.....	65,000
iv) Ex- gratia to an employee.....	30,000
v) Compensation paid to injured workman.....	75,000
vi) Provision for taxation.....	2,79,000
vii) Bonus to foreign technicians.....	3,12,000
viii) Multiple shift allowance.....	1,00,000
ix) Special depreciation.....	75,000
x) Capital expenditure.....	5,10,000

Company is providing depreciation as per section 350 of the companies' act 1956.

20. The balance sheet of Saraswati Co ltd disclosed the following positions as on 31st December 1998.

Liabilities	Rs	Assets	Rs
Share capital:			
6,000 equity shares of Rs 100 each	6,00,000	Goodwill	1,65,000
Profit & Loss a/c	75,000	Investments	5,25,000
General reserve	2,25,000	Stock	6,60,000
6% debentures	4,50,000	Sundry debtors	3,90,000
Sundry creditors	1,50,000	Cash at bank	60,000
Workmen's saving bank a/c	3,00,000		
	18,00,000		18,00,000

i) The profits for the last 5 years were:

Years	Rs
1994	30,000
1995	70,000
1996	50,000
1997	55,000
1998	95,000

ii) The market value of investments was Rs 3,30,000.

iii) Goodwill is to be valued at three years purchase of the average annual profits for the last 5 years.

Determine the intrinsic value of each share.

21. The following particulars relate to a limited company which went into voluntary liquidation:

	Rs.
Preferential creditors-	24,000
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 liquidator's remuneration was agreed at 2.5% on the amount realized and 2% on the amount paid to unsecured creditors including preferential creditors.

Show the liquidator's final statement of account.

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