

(FOR THE CANDIDATES ADMITTED

21 UPA 305

DURING THE ACADEMIC YEAR 2021-2024 ONLY)

REG.NO. :

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

END-OF-SEMESTER EXAMINATIONS: DECEMBER – 2022

B.Com. Professional Accounting

MAXIMUM MARKS: 70

SEMESTER: III

TIME : 3 HOURS

PART - III

CORPORATE ACCOUNTING

SECTION - A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS.

(K1)

1. The profit on re-issue of forfeited shares is transferred to
 - a. General Reserve
 - b. Capital redemption reserve
 - c. Capital reserve
 - d. Profit & Loss A/c
2. Capital redemption reserve A/c can be used for.....
 - a. Writing off past losses
 - b. Issuing fully paid bonus shares
 - c. Declaring dividends
 - d. Declaring bonus to employees
3. Securities premium is shown in the balance sheet of a company under
 - a. Share capital
 - b. Reserves and surplus
 - c. Long term borrowings
 - d. Non-Current assets
4. Under net asset method, the value of share depends on the amount that would be available to
 - a. Preference shareholders
 - b. Equity shareholders
 - c. Creditors
 - d. Debenture holders
5. The liquidator's final statement of A/c is prepared
 - a. Only in the case of creditors' voluntary winding up
 - b. Only in the case of members voluntary winding up
 - c. Only in the case of compulsory winding by the court
 - d. Whatever may be the mode of winding up

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Explain calls-in-arrears.
7. What do you mean by Redeemable Preference shares?
8. List out the items that appear under finance cost.
9. Define 'Goodwill'.
10. Define 'Contributory'.

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
- at par
 - at a premium of 20%
 - at a discount of 10% ?

(OR)

- b). Mohan Ltd. invited applications for 2,000 shares of Rs.100 each at a discount of 10% payable as follows:
 On application Rs.25
 On allotment Rs.30
 On first and final call Rs.35

Whole of the issue was subscribed and paid for except the final call on 300 shares which were forfeited by the company after giving due notice. Pass the forfeiture entry.

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

Share capital:

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

(OR)

- b). List the various types of debentures issued by a company.

13. a). The following balances have been extracted from the books of Rama Ltd as on 31st March 2015.

Share capital Rs.10,00,000
 12% debentures Rs.5,00,000
 Proposed dividend Rs.50,000
 Machinery Rs.9,00,000
 Work in progress Rs.4,00,000
 Surplus ie., balance in Statement of profit and loss (Dr) Rs.50,000
 Securities premium Rs.1,00,000
 Trade payables (creditors) Rs.2,00,000
 Government bonds Rs.4,00,000
 Cash and cash equivalents Rs.1,00,000
 Prepare the Balance sheet of the company as per revised schedule.

(OR)

- b). From the following information provide by MNC Ltd. For the year ended 31st March 2016, calculate the overall (maximum) managerial remuneration:

	Rs.		Rs.
To Salaries and Wages	65,000	By Gross Profit	16,70,000
To Repairs	30,000	By Profit on Sale of Plant (Cost Rs.3,00,000; Written down value Rs.1,50,000; Amount realized on sale Rs.3,20,000)	1,70,000
To Depreciation (including Development Rebate Rs.15,000)	1,10,000	By Subsidy from Government	40,000
To General Expenses	25,000		
To Loss on Sale of Investment	20,000		
To Scientific Research (New Laboratory setup)	1,03,000		
To Donation to Charitable Institutions	35,000		
To Interest on Debentures	35,000		
To Debenture Trustees Remuneration	15,000		
To Directors Fees	12,000		
To Income Tax	5,10,000		
To Proposed Dividend	5,10,000		
To Balance c/d	4,10,000		
	18,80,000		18,80,000

14. a). Following details are available about the business of Sagar ltd.,
 a. Profits: 1994 - Rs.80,000, In 1995 – Rs.1,00,000; In 1996 – Rs.1,20,000.
 b. Non-recurring income of Rs.8,000 is included in the profit of 1995.
 c. Profits of 1994 have been reduced by Rs.12,000 because goods were destroyed by fire.
 d. Goods have not been insured but it is thought prudent to insure them in future. The insurance premium is estimated at Rs.800 per year.
 e. Reasonable remuneration of the proprietor of the business is Rs.12,000 per year but it has not been taken in to account for calculation of above mentioned profits.
 f. Profits of 1996 include Rs.10,000 income on investment.

Calculate goodwill on the basis of three years purchase of the average profit of the last three years.

(OR)

- b). Calculate the yield value per share from the information give below:

40,000 Equity Shares of Rs.10 each fully paid

Normal rate of return - 8%

Expected rate of return - 12%

15. a). A liquidator is entitled to receive remuneration @ 2% of the assets realised and 3% on the amount distributed among the unsecured creditors. The assets realised Rs.70,00,000 against which payment was made as follows:

Liquidation expenses Rs.50,000.

Preferential creditors Rs.1,50,000.

Secured creditors Rs.40,00,000.

Unsecured creditors Rs.30,00,000.

Calculate the total remuneration payable to the liquidator.

(CONTD.....4)

(OR)

- b). Examine the order in which liabilities are discharged in the event of liquidation of a company?

SECTION - C**(4 X 10 = 40 MARKS)****ANSWER ANY FOUR OUT OF SIX QUESTIONS**

**(16th QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS
(K4 (Or) K5)**

16. List various kinds of shares which can be issued by the companies.

17. Good Prospects Ltd. issued 40,000 shares of Rs.10 each at a premium of Rs.2 per share.

The shares were payable as follows:

Rs.2 on application

Rs.5 on allotment (including premium)

Rs.5 on first and final call

All the shares were applied for and allotted. All moneys were received with the exception of the first and final call on 1,000 shares which were forfeited. 400 of these were reissued as fully paid at Rs.8 per share.

Give the necessary journal entries, prepare the bank A/c and the balance sheet of the company.

18. A company has 10,000 9% redeemable preference shares of Rs.100 each fully paid. The

company decides to redeem the shares on 31st Dec. 2004 at a premium of 10%. the

company makes the following issues:

a. 6,000 equity shares of Rs.100 each at a premium of 10%

b. 4,000 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.

19. A Ltd. was registered with an authorized capital of Rs.6,00,000 in equity shares of Rs.10 each. The following is its Trial Balance on 31st March 2008.

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 & Machinery	3,30,000	

Interim dividend	39,250	
Sales		4,15,000
Stock (1.4.2007)	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	
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:

- Depreciation plant and machinery by 15%.
 - Write off preliminary expenses.
 - Provide for 6 months interest on debentures.
 - Leave bad and doubtful debts provision at 5% on sundry debtors.
 - Provide for income tax at 50%.
 - Stock on 31.3.2008 was Rs.95,000.
 - Provide for corporate dividend tax @ 17%.
20. The Balance Sheet of Saraswati Co. Ltd. disclosed the following position as on 31st December 2008.

Liabilities	Rs.	Assets	Rs.
Share capital: 6,000 equity shares of Rs.100 each	6,00,000	Goodwill	1,65,000
Profit and 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 savings bank a/c	3,00,000		
	18,00,000		18,00,000

- The profits for the past five years were:
2004-Rs.30,000; 2005-Rs.70,000; 2006-Rs.50,000; 2007-Rs.55,000 and 2008- Rs.95,000.
- The market value of investments was Rs.3,30,000.
- Goodwill is to be valued at three years purchase of the average annual profits for the last five years.
Find the Intrinsic value of each share.

(CONTD.....6)

21. Following information was extracted from the books of a limited company on 31st December 2015 on which date a winding up order was made:

	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 Buildings (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 securities 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 in Arrear on equity shares (Estimated to produce Rs.1,000)	2,500

Make out Statement of Affairs as regards Creditors and Contributories.
