

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BVoc DEGREE EXAMINATION MAY 2023
(Fifth Semester)

Branch – BANKING, STOCK AND INSURANCE

CORPORATE ACCOUNTING

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (10 x 1 = 10)

1. Discount on issue of shares is a :
(i) Revenue loss (ii) Capital loss
(iii) Deferred Expenditure (iv) Neither of the above
2. The profit on re-issue of forfeited shares is transferred to :
(i) General reserve (ii) Capital redemption reserve
(iii) Capital reserve (iv) profit and Loss A/c
3. Interest on debentures is normally payable
(i) Half yearly (ii) Quarterly
(iii) Annually (iv) Monthly
4. Debentureholders are the:
(i) Customers of the company (ii) Creditors of the company
(iii) own of the company (iv) None of the above
5. Dividend is paid on
(i) Authorized capital (ii) Issued Capital
(iii) Called up capital (iv) Paid up capital
6. Loss prior to incorporation should be debited to:
(i) Goodwill a/c (ii) Revenue Reserves a/c
(iii) Capital reserve a/c (iv) None of the above
7. Goodwill is paid for obtaining
(i) future benefit (ii) present benefit
(iii) past benefit (iv) none of the above
8. Preferential creditors are shown in the statement of affairs under:
(i) List D (ii) List B (iii) List C (iv) List A
9. Under double account system, depreciation is
(i) Debited to Revenue a/c (ii) Debited to Net Revenue a/c
(iii) Credited to the Asset a/c (iv) Credited to Depreciation fund a/c
10. When an asset is replaced, any amount realized on sale of old materials will be credited to
i) Net Revenue a/c ii) Revenue a/c
iii) Asset a/c iv) Replacement a/c

SECTION - B (35 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5 x 7 = 35)

- 11(a) Anandhi Ltd. Issued shares as detailed below
- i) Public issue of 50,000 shares of Rs.10 each at par for cash. The issue was fully subscribed and the amount was received in full
 - ii) Issued 20,000 shares of Rs.10 each to Mano ltd. in consideration for assets purchased from them
 - iii) Issued 20,000 shares of Rs.10 each to the promoters. in consideration for their services
- Pass journal entries and prepare the balance sheet.

[OR]

Cont...

(b) A company issues 10,000 equity shares of Rs.10 each at par. The issue was underwritten by K&Co, for maximum commission permitted by law. The public applied for and received 8,000 shares. Give journal entries in the company's books and also prepare balance sheet.

12 (a) Anand Ltd. has 10,000 redeemable preference shares of Rs.100 each as part of its share capital. The shares became due for redemption. The company decided that the whole amount will be redeemed out of a fresh issue of capital amount on equity shares of Rs.10 each. Pass journal entries in the books of the company

[OR]

(b) What are the rules regarding redemption of preference shares?

13 (a) From the following data, Calculate Profit Prior to Incorporation:

Time ratio: 1:2

Sales ratio: 1:3

Gross Profit: Rs.1,70,500

Administrative Expenses: Rs.69,600

Expenses relating to sales: Rs.18,600

Preliminary expenses: Rs.11,500

[OR]

(b) Give the balance sheet of a company as per the form prescribed in Part I of schedule III.

14(a) The net profit earned by Manu's & Co during the last four years were:

Year	I Year	II Year	III Year
Profit Rs.	Rs.36,000	Rs.40,000	Rs.44,000

The capital employed by Manu's & Co is Rs.10,000.

Fair return on capital, considering the risk involved is Rs.10%.

Calculate the value of goodwill on the basis of three years purchase of super profit.

[OR]

(b) Compute the value of equity share under the net assets method.

Total assets at market value	Rs.60,30,000
Total external Liabilities	Rs.24,00,000
2,00,000 equity shares of Rs.10 each	Rs.20,00,000

15(a) Compute Reasonable return from the following information given below

Capital Base Rs.34,00,000

Loan from electricity Board Rs.30,00,000

Development Reserve Rs.10,00,000

10% Debentures Rs.8,00,000

Reserve fund investments (6%) Rs.60,00,000

Assume the bank rate to be 8%

[OR]

(b) A water supply company had to replace a quarter of its mains and lay auxiliary Mains for the remaining length. The total cost of the old mains is Rs.10,00,000. The cost of auxiliary mains is Rs.9,00,000 and that of the new mains has gone up by 30%. Amount spent on replacement is Rs.3,50,000. Journalise. Show your workings

SECTION - C (30 Marks)

Answer any **THREE** Questions

ALL Questions Carry **EQUAL** Marks (3 x 10 = 30)

16. 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 moneys 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.

17. A company has 10,000 9% redeemable preference shares of Rs.100 each fully paid. The company decides to redeem the shares on 31st December .2014 at a premium of 10%. The Company makes the following issues:

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

18. The following is the trial balance of Rajalakshmi Ltd. As 30th June 2016

Particulars	Dr. Rs.	Cr. Rs.
Stock, 30 th June 2015	75,000	
Sales		3,50,000
Purchases	2,45,000	
wages	50,000	
Discount		5,000
Furniture and fittings	17,000	
Salaries	7,500	
Rent	4,950	
Sundry Expenses	7,050	
P&L Appropriation A/c 30 th June 2015		15,030
Dividend	9,000	
Share capital		1,00,000
Debtors and Creditors	37,500	17,500
Plant and Machinery	29,000	
Cash and Bank	16,200	
Reserve		15,500
Patents and Trade Mark	4,830	
	5,03,030	5,03,030

Prepare Trading account, Profit and Loss account, Profit and loss appreciation account for the year ended 30th June 2016 and Balance sheet of the company as on that date. Take into consideration the following adjustments:

- 1) Stock on 30th June 2016 was valued at Rs.83,000.
- 2) Depreciation on fixed assets @10%
- 3) Make a provision for income tax @50%.

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

Preferential creditors	Rs. 1, 50,000
Unsecured creditors	Rs.30, 00,000
6% Debentures	Rs. 30,000

The assets realized Rs.80, 000. The expenses of liquidation amounted Rs.1, 500 and the liquidator's remuneration was agreed at 2 ½% on the amount realized and 2% on the amount paid to unsecured creditors including preferential creditors.

Show the liquidator's final statement of account

20. Explain the various methods of valuation of human resources.

Z-Z-Z END