

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BVoc DEGREE EXAMINATION DECEMBER 2022
(Fifth Semester)

Branch – **COMMERCE (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. Share allotment is a
(i) Personal A/c (ii) Real A/c (iii) Impersonal A/c (iv) Nominal A/c
2. When shares are forfeited, the share capital A/c is debited
(i) Paid-up Capital (ii) Called -up amount
(iii) Calls-in arrear (iv) Nominal value of such shares
3. Kavitha Ltd. Issued shares of Rs.1,000 each at Rs. 950. The Underwriting commission will be paid on:
(i) Rs.1,000 (ii) Rs.950 (iii) Rs.1,950 (iv) Rs.50
4. After redemption of debentures, the balance in the in the sinking fund a/c is transferred to:
(i) Secret reserve (ii) General reserve
(iii) Capital reserve (iv) P&L a/c
5. Securities premium is shown in the balance sheet of a company under
(i) Share capital (ii) Reserves and surplus
(iii) Long-term borrowing (iv) None of these
6. Profit prior to incorporation should be credited to:
(i) Goodwill a/c (ii) Revenue Reserves a/c
(iii) Capital reserve a/c (iv) None of the above
7. Good will is a
(i) Fictitious asset (ii) Tangible assets
(iii) Tntangible assets (iv) Nominal assets
8. Secured creditors are shown in the statement of affairs under:
(i) List A (ii) List B (iii) List C (iv) List D
9. Under double account system, interest on debentures is shown in
(i) Revenue a/c (ii) Net Revenue a/c
(iii) Capital a/c (iv) General Balance Sheet
10. Original cost of an asset Rs. 2,50,000. Present cost of replacement Rs. 3,25,000. Amount spent on replacement Rs. 3,80,000. The amount chargeable to revenue will be
(i) Rs. 1,30,000 (ii) Rs. 3,80,000 (iii) Rs. 2,50,000 (iv)Rs. 3,25,000

SECTION - B (35 Marks)

Answer **ALL** Questions

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

- 11 a Ganesh Ltd., issued prospects inviting application for 10000 equity shares of Rs.10 each payable as follows:

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

The issue is fully subscribed. Pass journal entries in the books of Ganesh ltd., assuming that all payment due as stated was received.

OR

Cont...

- b A company forfeited 10 shares of Rs.10 each at a premium of 10% for non-payment of the final call of Rs.3 per share .out of these, 7 shares were reissued at rs.8 per share as fully paid up. Give entries for forfeited and reissue.
- 12 a Magnet Ltd. Issues 2,000 6% debentures of Rs.100 each. Give journal entries in each of the following cases:
1. The debentures are issued at par and redeemable at par
 2. They are issued at a discount of 6%, but redeemable at par
 3. They are issued at a premium of 5%, but redeemable at par
 4. They are issued at a discount of 4%, but redeemable at a premium of 5%

OR

- b Write about a brief note on Capital redemption reserve.
- 13 a You are required to calculate the Time ratio for the Pre and Post Incorporation periods from the following particulars:
- a) Date of incorporation :1st June 2009
 - b) Period of financial accounts: April 2009 to March 2010
 - c) Total wages Rs.4,800
 - d) Number of workers: Pre-Incorporation period:5
Post Incorporation period:25

Also divide the total wages between Pre and Post Incorporation periods.

OR

- b Give the form of Statement of Profit or loss of a company as prescribed in Part II of schedule III.
- 14 a Profits and losses of the last four years were:

2012	2013	2014	2015
Rs.10,000	Rs.16,000	Rs.6,000	Rs.12,000

Calculate goodwill on the basis of three years purchase of the last four year's average profits.

OR

- b A liquidator is entitled to receive remuneration @ Rs.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.
- 15 a Compute reasonable return from the following information given below:

Particulars	Rs.
Capital base	34,00,000
Loan from Electricity board	30,00,000
Development Reserve	10,00,000
10% Debentures	8,00,000
Reserve Fund Investment (6%)	60,00,000
Assume the bank to be 8%	

OR

- b The Southern railways built a station 20 years ago at a cost of Rs.40,000. Owing to increase in the cost of labour and materials, a similar station would now cost Rs.60,000. The station, having proved inadequate for the increased traffic, is rebuilt at a cost of Rs.1,40, 000.Old materials to the value of Rs.4,000 are utilized in the new construction and included in the above cost. The remaining old materials are sold for Rs.6,000. Apportion the new expenditure between capital and revenue.

Cont...

SECTION - C (30 Marks)Answer any **THREE** Questions**ALL** Questions Carry **EQUAL** Marks (3 x 10 = 30)

16. A company issued 10000 equity share of Rs.10 each at a premium of Rs 3 per share payable Rs 5 on application, Rs 5 (including premium) on allotment and the balance on call. All the shares offered were applied for and allotted. All the money due on allotment was received except on 200 shares. Call was made. The entire amount due thereon were received except on 300 shares. Directors forfeited 200 shares on which both allotment and call money not received. Give journal entries and prepare the Balance sheet.
17. Swan Ltd., issued 8,000, 9% Redeemable preference. Shares of Rs. 100 each at par on 1/7/2009, redeemable at the option of the companies on or after 30/6/2015, partly or fully. Redemptions were made out of profits as follows:
- 1200 shares on 30/6/2015 at par
 - 1600 shares on 31/12/2015 at 10% premium
 - Remaining shares on 30/6/2016 at a premium of 5% by taking a fresh issue of 40,000 equity shares of Rs.10 each at premium of Re.1.
- On 30/6/2016 the company also decided to capitalize 50% of its capital redemption reserve by issuing bonus shares of Rs.10 each fully paid at a premium of Rs.2.50 per share. Pass necessary journal entries to record the above transactions.
18. Big & 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 31.03.2016,2,500 shares were fully called up. The following are the balances extracted from the ledger of the company as on 31.03.2016.

Particulars	Rs.	Particulars	Rs.
Stock	50,000	Advertising	14,300
Sales	4,25,000	Debtors	38,700
Purchases	3,00,000	Creditors	35,200
Wages	70,000	Plant and machinery	80,500
Discount allowed	4,200	Furniture	17,100
Insurance Upto 30.06.2016	6,720	Reserve	25,000
Salaries	18,500	Loan from MD	15,700
Rent	6,000	Bad debts	3,200
General expenses	8,950	Calls in arrears	5,000
Profit and loss account	6220	Bonus to employees	4,700
Printing and stationery	2400	Bank	1,30,000
Discount allowed	3,150		

You are required to prepare trading and profit and Loss account for the year ended 31.03.2016 and Balance sheet of the company as on that date. The following further information is given.

- Closing stock Rs.1,91,500
- Outstanding liabilities: Wages Rs.5,200; Salary Rs.1,200; Rent Rs.600
- Depreciation to be charged on plant and Machinery and Furniture at 15% and 10% respectively
- A tax provision of Rs.10,000 is to be made
- Dividend @5% on paid up share capital is to be provided

Cont...

19. From the following balance sheet of Anand Steels Ltd., Find out the value of equity shares:

Liabilities	Rs.	Assets	Rs.
2,000 Preference shares of Rs.100 each	2,00,000	Assets at book value	6,00,000
30,000 equity shares of Rs.10 each	3,00,000		
Current liabilities	1,00,000		
	6,00,000		6,00,000

1. Market value of 50% of the assets is considered as 10% more than the book value.
2. Market value of 50% of the assets is estimated to be 5% as less than the book value
3. There is an unrecorded liability of Rs.5,000
4. Assume that preference shares have no priority as to repayment of capital or dividend

20. The following balances relate to Electricity Company and pertain to its accounts for the year ended 31-12-2013

Particulars	Rs.
Share capital	1,00,00,000
Reserve Fund (Invested in 15% Govt. securities at par)	60,00,000
Contingencies Reserve (Invested in 6% state Govt. loan)	20,00,000
Loan from state Electricity Board	30,00,000
11% debentures	8,00,000
Development Reserve	10,00,000
Fixed assets	2,00,00,000
Depreciation Reserve on Fixed assets	80,00,000
Consumer's deposits	75,00,000
Amount contributed by consumer towards cost of fixed assets	2,00,000
Intangible assets	5,00,000
Tariffs and Dividends control reserve	6,00,000
Current assets (Monthly average)	20,00,000

The company earned a profit of Rs.9 lakhs. Show how the profits of the company will be dealt with under the provisions of the Electricity act, assuming that the bank rate during the year was 8%.

Z-Z-Z

END