

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2024
(Fourth Semester)

Branch – COMMERCE (COST & MANAGEMENT ACCOUNTING)

CORPORATE ACCOUNTING

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

1. Select the nature of share application A/c _____.
(i) Personal A/c (ii) Real A/c
(iii) Nominal A/c (iv) Impersonal A/c
2. Determine after redemption of debentures, the balance in the Sinking fund a/c is transferred to _____.
(i) Secret reserve (ii) General reserve
(iii) Capital reserve (iv) P&L a/c
3. Interpret the reserve which is represented by investments outside the business is _____.
(i) General reserve (ii) Reserve fund
(iii) P& L appropriation (iv) Dividend
4. The average return of similar concerns should be considered as _____.
(i) Average Profit (ii) Expected rate of return
(iii) Normal rate of return (iv) All of these
5. Which company more than 50% of shares are held by another company is termed as?
(i) Holding Company (ii) Subsidiary Company
(iii) Govt Company (iv) Public Company

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a Batliboi Co., Ltd., issued 50,000 equity shares of Rs.10 each to the public on condition that full amount of shares will be paid in a lump-sum. All these shares were taken up and paid by the public. Pass journal entries in the books of company when a) Shares are issued at par b. Shares are issued at a premium of 10% and c) Shares are issued 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 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 journal entry for forfeiture of shares.
- 7 a Sindhu Ltd. redeemed 8,000, 15% debentures of Rs. 100 each which were issued at a discount of 5% by converting them into equity shares Rs.10 each issued at a discount of 20%. Journalise.
OR
b D Ltd. Has 10,00,000, 8% debentures outstanding on 1.1.96. the company has been redeeming every year on January 1st Rs. 1,00,000 debentures by drawings by lot, at par. Give necessary journal entries:
(a) If the redemption is out of profits
(b) If the redemption is out of capital.

Cont...

- 8 a Discuss the features of interim dividend.
OR
b From the following particulars of Barat Ltd. For the year ended 31.03.2002, Calculate the net profit for managerial remuneration:
(a) Net Profit as per P & L A/c is Rs. 16,00,000.
(b) Remuneration and Perquisites paid to :
(i) Managing Director Rs. 75,000
(ii) Whole time director Rs. 60,000
(c) Provision for doubtful debts made during the year Rs. 30,000
(d) Provision for income tax Rs. 8,00,000.
- 9 a Amarnath runs a cosmetic store. His net assets on 31st December 1998 amounted to Rs.2,50,000. After paying rent of Rs.2,500 a year and a salary of Rs.12,000 to his manager, he earns a profit of Rs.75,000. His landlord is interested in acquiring the business. 15% is considered to be reasonable return on capital employed. Calculate the value of goodwill by capitalizing super profits.
OR
b Explain the methods of valuation of goodwill.
- 10 a On 30.6.2013 2/3rd of the shares of 'S' Ltd, (with a total capital of Rs.12,00,000) were acquired by H Ltd. The balance sheet of 'S' Ltd. Showed as debit balance of Rs.6,00,000 on 1.1.2013 and credit balance of Rs.3,60,000 on 3.12.2013. The investment made by 'H' Ltd., in 'S' Ltd's shares is Rs.9,00,000. Calculate the cost of control or capital reserves.
OR
b H Ltd., purchased 75% of shares in S Ltd., on 1.7.2011. On 31.12.2011 the balance sheet of S Ltd., Showed reserve fund balance on 1.1.2011 Rs.40,000, profit earned during 2011 Rs.60,000 and preliminary expenses unwritten off Rs.20,000. Calculate capital profits and revenue profits.

SECTION -C (30 Marks)Answer any **Three** questions**ALL** questions carry **EQUAL** Marks (3 x 10 = 30)

- 11 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.
- 12 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:
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 journal entries.

- 13 The following balances were extracted from the books of Chandra Ltd., for the year ended December 31, 2006.

Particulars	Rs.
Buildings	6,00,000
Furniture	60,000
Motor vehicles	60,000
Equity shares of companies	4,00,000
Stock-in-trade at cost	4,00,000
Sundry debtors, unsecured considered goods	2,80,000
Cash at bank	1,72,000
Advance against construction of building	1,30,000
Share capital : 10,000 equity shares of Rs.100 each	10,00,000
Sundry creditors	3,50,000
Profit and loss a/c (credit)	20,000
Gross profit	10,00,000
Dividend received on investments	10,000
Salaries and wages	2,20,000
Director's fees	8,000
Electricity charges	25,000
Rates, taxes and insurance	10,000
Auditors fees	15,000

Prepare the profit and loss account of the company for the year ended December 31, 2006 and a balance sheet as on that date after considering the following adjustments:

- a. Provide 10% depreciation per annum on fixed assets.
 - b. Stock has been revalued Rs.3,60,000. This has not yet been considered
 - c. Debts more than 6 months are Rs.80,000
 - d. Ignore tax provision.
- 14 Average capital employed in K Ltd. is Rs. 35,00,000 whereas net trading profits before tax for the last three years have been Rs. 14,75,000; Rs. 14,55,000 and Rs. 15,25,000. In these three years, the managing director was paid a salary of Rs. 10,000 p.m. But now he would be paid a salary of Rs. 12,000 p.m. Normal rate of return expected in the industry in which K Ltd. is engaged is 18%. Rate of tax is 50%. Calculate goodwill on the basis of three years' purchase of the super profits.
- 15 How does the Consolidated Balance Sheet of Holding company and its Subsidiary companies are prepared? Explain.

Z-Z-Z

END