

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom(CMA) DEGREE EXAMINATION MAY 2022
(Fourth Semester)

Branch – COMMERCE (COST AND MANAGEMENT ACCOUNTING)

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 by.....
(i) paid up capital (ii) Called up amount
(iii) Calls in arrears (iv) Nominal value of such shares
- 3 Transfer to capital Redemption Reserve can be made from
(i)Capital Reserve (ii) Forfeited shares a/c
(iii)General Reserve (iv) Securities premium a/c
- 4 Which section of the companies Act 1956 provides for the issue and redemption of preference shares.....
(i)Section 80 (ii) Section 78
(iii)Section 77A (iv) Section 77B
- 5 Bank over draft is shown in the balance sheet of a company as.....
(i)Long term borrowings (ii) Short term borrowings
(iii)Other current liabilities (iv)None of these
- 6 Dividend is paid on
(i)Authorized capital (ii) Issued capital
(iii)Called up capital (iv)Paid up capital
- 7 Goodwill is.....
(i)Tangible asset (ii) Intangible asset
(iii)Fictitious asset (iv)None of the above
- 8 A contributory is a.....
(i)Unsecured creditor (ii) Preferential creditor
(iii)Shareholder (iv) Debentureholder
- 9 A holding company is one which holds more than.....
(i)2/3 rd Share capital of subsidiary company
(ii)50% of Share capital of subsidiary company
(iii) 75 % of Share capital of subsidiary company
(iv)None of the above
- 10 A company in which 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

Cont...

SECTION - B (35 Marks)

Answer ALL Questions

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

- 11 (a) 10,000 equity shares of Rs.20 each are issued for public subscription at a premium of 10%. The full amount is payable on application. Applications were received for 20,000 shares and it was decided to make pro-rata allotment to all the applicants. Journalize the transactions.

(OR)

- (b) H.Ltd was incorporated with a share capital of Rs.12,00,000 in Rs.10 shares. The company purchased machinery from X & Co. for 6,00,000 payable in fully paid shares of the company. The director also decided to allot 2000 shares credited as fully paid to the promoters for their services. The rest of the shares were issued for cash and were taken up by the public and fully paid for. Give journal entries and show the balance sheet.
- 12 (a) Timex Ltd, issued 1,000 8% debentures of Rs.100 each. Give appropriate journal entries in the books of the company, if the debenture were issued as follows:
- (1) Issued at par, redeemable at par,
 - (2) Issued at a discount of 5% repayable at par.
 - (3) Issued at a premium of 10% repayable at par.
 - (4) Issued at par, redeemable at a premium of 10%.
 - (5) Issued at a discount of 5%, repayable at a premium of 10%.
- You are also required to show how the items concerned appear in the balance sheet in each of the above cases.

(OR)

- (b) State the conditions and procedures for the issue of Redeemable Preference Shares.
- 13 (a) From the following particulars of Sunil Ltd., for the year ended 31.03.2018. Calculate the net profit for managerial remuneration.
- (i) Net profit as per P & L A/C is Rs.16,00,000
 - (ii) Remuneration and perquisites paid to: Managing director Rs.75,000, Whole time director Rs.60,000
 - (iii) Provision for doubtful debts made during the year Rs.30,000
 - (iv) Provision for income tax Rs.8,00,000

(OR)

- (b) What are the sources of dividend?
- 14 (a) The profits of Thilaga Ltd. for the last 5 years were as follows:

Particulars	Amount
1994	15000
1995	18000
1996	22000
1997	25000
1998	27000

Compute the value of goodwill of Thilaga Ltd. on the basis of 4 years purchase of weighted average profit after assigning weights 1,2,3,4 and 5 serially to the profits.

(OR)

- (b) Calculate the amount of goodwill on the basis of three years purchase of the last five years average profits. The profits for the last five years are;

Particulars	Amount
I Year	4800
II Year	7200
III Year	10000
IV Year	3000
V Year	5000

Cont...

- 15 (a) Sudha Ltd. Purchased 60% shares of Y Ltd. on 1-1-2020 when the balance on their P&L A/c and General reserve were Rs.1,50,000 and Rs.1,60,000 respectively. On 31.12.2020, the Balance sheet of Y Ltd. showed P&L a/c balance of Rs. 4,00,000 and General reserve Rs. 3,00,000. Calculate Capital profits and Revenue profits.

(OR)

- (b) Riswanth Ltd. acquired 3000 equity shares in Subiksan Ltd. on 1st April 2017. On 31st December 1987 the Balance Sheet of S Ltd. was as follows:

Liabilities	Rs.	Assets	Rs.
Share capital: 4,000 equity shares of Rs.100 each	4,00,000	Sundry Assets	6,40,000
General reserve on 1.1.2017	80,000		
Profit & Loss A/c balance on 1.1.2017 20,000			
Profit for 2017 80,000	1,00,000		
Sundry creditors	60,000		
Total	6,40,000		6,40,000

Ascertain capital profits and Revenue profits.

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

- 16 Define Shares and explain its types.
- 17 The Balance Sheet of Y Ltd as on 31.12.2002 disclosed the following information:
 (a) 15 % Debentures Rs. 8,00,000
 (b) Debenture Sinking Fund Rs. 3,40,000
 (c) Debenture Sinking Fund investment represents by Rs. 80,000 own debentures purchased at 98 and the remaining amount by Rs. 2,80,000 4% Stock.
 On the above date, directors redeemed all the debentures. For this purpose, they realized 4% stock at par. They utilized Rs. 1, 20,000 for redemption out of current year profits. You are required to give journal entries.
- 18 The following is the trial balance of A Ltd., as on 30.06.2015

Particulars	Dr. Rs.	Cr. Rs.
Opening Stock	7,500	
Purchase and sales	24,500	35,000
Wages	5,000	
Discount	700	500
Salary	750	
Rent	495	
Insurance	1,705	
P & L A/C		1,503
Dividend	900	
Capital		10,000
Debtors and creditors	3,750	1,750
Machinery	2,900	
Cash	1,620	
Reserve		1,550
Bad debts	483	
Total	50,303	50,303

Cont...

Adjustments:

- (i) Stock on 30.06.1990 Rs.8200.
- (ii) 10% depreciation on machinery
- (iii) Provide 5% discount on debtors.
- (iv) Provide 2.5% discount on creditors.
- (v) Six months insurance was unexpired @ Rs.75 per annum
- (vi) One month's rent @ Rs.540 per annum was due on 30th June.
- (vii) Provide managing director's commission, 15% on the net profits before deducting his commission.

Prepare the company Final accounts.

- 19 The following is the summarized Balance Sheet of Priya & Co. Ltd as at 31.12.1998.

Liabilities	Amount	Assets	Amount
Share Capital: 30,000 equity shares of Rs.10 each fully paid	3,00,000	Fixed Assets including Goodwill	2,20,000
20,000 equity shares of Rs.7.5 each fully paid	1,50,000	Current Assets :	
10,000 equity shares of Rs.5 each fully paid.	50,000	Stock	2,00,000
General Reserve	1,20,000	Book Debts	1,40,000
Creditors	80,000	Cash	1,40,000
Total	7,00,000	Total	7,00,000

(i) The average profit for the last four years after charging income tax is Rs.1,00,000.

(ii) Fair return on investment 10%.

(iii) It is the practice of the company to transfer 20% profit to reserve.

You are required to calculate the break-up value and yield value of each kind of equity shares.

- 20 The following are the Balance sheets of H Ltd. and its subsidiary S Ltd. as on 31.3.1995.

Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd.
Share capital: Rs. 10 each fully paid	6,00,000	2,00,000	Machinery	3,00,000	1,00,000
General reserve	1,50,000	70,000	Furniture	70,000	45,000
Profit & Loss A/c	70,000	50,000	70% shares in S Ltd. at cost	2,60,000	-
Creditors	90,000	60,000	Stock	1,75,000	1,89,000
			Debtors	55,000	30,000
			Cash at bank	50,000	10,000
			Preliminary expenses	-	6,000
Total	9,10,000	3,80,000	Total	9,10,000	3,80,000

H Ltd. acquired the shares of S Ltd. on 30th June 1994. On 1st April 94, S Ltd.'s general reserve and profit & Loss account stood at Rs.60,000 and 20,000 respectively. No part of the preliminary expenses was Written off in the year ended 31.3.95.

Prepare consolidated Balance Sheet of H Ltd. and its subsidiary S L td. As on 31.3.95, giving all your working notes separately.