

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

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

Branch – CORPORATE SECRETARYSHIP

CORPORATE ACCOUNTING-I

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 account is shown on _____ find.
(i) assets side of balance-sheet (ii) liabilities side of balance sheet
(iii) debit side of P&L account (iv) credit side of P&L account.
2. Debentures indicates _____
(i) manager's share in a business (ii) investment by shareholders in a business
(iii) long term borrowing of a business (iv) none of the above
3. Where Profit prior to incorporation should be credited.
(i) goodwill a/c (ii) revenue reserve a/c
(iii) general reserve a/c (iv) capital reserve a/c
4. Bank overdraft is shown in the balance sheet of a company as _____. Indicate
(i) long term borrowings (ii) short term borrowings
(iii) other current liabilities (iv) none of the above
5. Pooling of interest method is used to account for amalgamation is the nature of _____ match
(i) purchase (ii) sale
(iii) merger (iv) none of the above
6. Any decrease in the value of assets, at the time of internal reconstruction, will be charged to
-----find.
(i) goodwill a/c (ii) capital reduction a/c
(iii) revaluation a/c (iv) share capital a/c
7. A holding company is one which holds more than _____ Match
(i) 2/3rd share capital of subsidiary company (ii) 25% of share capital of subsidiary company
(iii) 75% of share capital of Government company
(iv) 50% of share capital of subsidiary company
8. Profit earned by a subsidiary company upto the date of acquisition of shares by the holding company are named _____.
(i) revenue profits (ii) capital profit
(iii) revaluation profits (iv) realization profits
9. For calculating the value of an equity share by yield method, it is essential to know _____ find
(i) expected rate of return (ii) called up equity share capital
(iii) capital employed (iv) none of the above
10. Where the Secured creditors are shown in the statement of affairs?
(i) list C (ii) list D (iii) list A (iv) list B

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SECTION - B (35 Marks)

Answer ALL Questions

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

11 (a) The directors of Gold Ltd. forfeit 100 shares of Rs. 50 each belonging to Kani who had paid Rs. 5 per share on application, Rs. 10 on allotment and Rs.15 on first call but failed to pay the final call of Rs. 20. The same shares are then reissued to Vani as fully paid on receipt of Rs. 4,000. Pass journal entries.

(OR)

(b) Silver Ltd. made the following issues of debentures on 01.04.2017

- i. 200 10% debentures of Rs.50 each to settle a creditor who supplied a machine on credit some time ago at a price of Rs.9,000
- ii. 300 10% debentures of Rs.50 each for cash at a discount of 5%
- iii. 1,000 10% debentures of Rs. 50 each to the bankers as collateral security for a loan Of Rs.40,000.

All the above issues are redeemable at par. Pass journal entries.

12. (a) From the following particulars, compute profit before and after incorporation:

Time ratio – 3:5

Sales ratio – 4:6

Gross profit - Rs.20,00,000

Expenses:	Salaries	Rs.1,92,000
	General expenses	Rs. 24,000
	Discount on sales	Rs. 80,000
	Advertisement	Rs.1,00,000
	Preliminary expenses	Rs.1,40,000
	Rent & rates	Rs. 30,000
	Printing & stationary	Rs.1,30,000
Incomes:	Rent	Rs. 36,000
	Interest	Rs.1,00,000

(OR)

(b) From the following particulars of Yasodha Ltd. for the year ended 31.03.2012, calculate the net profit for managerial remuneration:

- i) Net profit as per P & L a/c is Rs.32,00,000
- ii) Remuneration paid to managing director Rs.1,50,000
- iii) Remuneration paid to whole time director Rs.1,20,000
- iv) Provision for doubtful debts made during the year Rs.60,000
- v) Provision for income tax Rs.16,00,000

Cont...

13 (a) Nandha Ltd. and Gopal Ltd. agreed to amalgamate and form a new company Nandha Gopal Ltd.

Balance sheet of Nandha Ltd. and Gopal Ltd. as follows:

Liabilities	Nandha Ltd. (Rs.)	Gopal Ltd. (Rs.)	Assets	Nandha Ltd. (Rs.)	Gopal Ltd. (Rs.)
Share capital (Rs.10 each)	8,00,000	10,00,000	Plant & Machinery	16,00,000	16,00,000
5% Pref. sh. Cap. (Rs. 100 each)	-	6,00,000	Stock	1,30,000	1,20,000
6% debentures	10,00,000	-	Debtors	1,90,000	1,00,000
Profit & loss a/c	1,00,000	-	Profit & loss a/c	-	2,80,000
Creditors	1,50,000	1,80,000	Bank	1,30,000	80,000
Contingency reserve	20,50,000	21,80,000		20,50,000	21,80,000

You are required to calculate purchase consideration for Nandha Ltd. and Gopal Ltd.

(OR)

(b) Describe the various methods of purchase consideration.

14 (a) Develop the following:

i) Capital Profits

ii) Revenue profits

iii) Provision for unrealized profit in stock

iv) Capital reserve

(OR)

(b) The balance sheet of Balaji Ltd. and its subsidiary Kesava Ltd. as on 31.12.2017

Liabilities	Balaji Ltd. (Rs)	Kesava Ltd. (Rs)	Assets	Balaji Ltd. (Rs)	Kesava Ltd. (Rs)
Share capital (10 each)	2,50,000	1,00,000	Sundry assets	2,65,000	1,50,000
Reserve fund			60% shares in Kesava Ltd.	75,000	-
1.1.2017	25,000	10,000	Preliminary expenses	-	5,000
Profit for 2017	25,000	15,000			
Creditors	40,000	30,000			
	3,40,000	1,55,000		3,40,000	1,55,000

Balaji Ltd. acquired the shares in Kesava Ltd. on 01.07.2017. Prepare the consolidated balance sheet.

15 (a) A firm earned net profits during the last three years as follows:

1st year – Rs.72,000; 2nd year – Rs.80,000;

3rd year – Rs.88,000

The capital investment of the firm is Rs.2,00,000. A fair return on the capital, having regard to the risk involved is 10%. Compute the value of goodwill on the basis of 3 years purchase of super profit.

(OR)

Cont...

(b) Average capital employed in Kannan Ltd. is Rs.17,50,000 whereas net trading profits before tax for the last three years have been Rs.7,37,500; Rs.7,27,500 and Rs.7,62,500. In these three years, the managing director was paid a salary of Rs.5,000 p.m. But now he would be paid a salary of Rs.6,000 p.m. Normal rate of return is engaged at 18%. Rate of tax is 50%. Calculate goodwill on the basis of three years purchase of the super profits.

SECTION - C (30 Marks)

Answer any **THREE** Questions

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

16 Devaki Company Ltd. has 10,000 9% redeemable preference shares of Rs.10 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.10 each at a premium of 10%
- ii. 4,000 8% debentures of Rs.10 each

The issue was fully subscribed and allotments were made. The redemption was duly carried out. The company has sufficient profit. You are required to give necessary journal entries.

17 Vasudevan Ltd. was formed on 01.04.2017 with an authorised capital of Rs.12,00,000 in shares of Rs.10 each. Of these 1,04,000 shares had been issued and subscribed but there were calls in arrears on 200 shares. From the following trial balance as on 31.03.2018, prepare statement of profit and loss and balance sheet:

	Rs.		Rs.
Cash at bank	2,11,000	Share capital	10,39,500
Plant	80,000	Sale of Copper	3,59,000
Mines	4,40,000	Interest on F.D. upto	
Promotion expenses	12,000	31 st December	7,800
Advertising	10,000	Dividend on investment	6,400
Cartage on plant	3,600		
Furniture & Buildings	41,800		
Administrative expenses	56,000		
Repairs to plant	1,800		
Coal and oil	13,000		
Royalties paid	20,000		
Railway track & wagons	34,000		
Wages of miners	1,48,440		
Cash	1,060		
Investment – share of Kam			
mines	1,60,000		
Brokerage on above	2,000		
6% F.D. in State Bank	1,78,000		
	14,12,700		14,12,700

Adjustments:

- i) Depreciate plant and Railways by 10%; Furniture & Buildings by 5%
- ii) Write off one third of the promotion expenses
- iii) Value of Copper on 31.03.2018 Rs.30,000
- iv) The directors forfeited on 20th December 2017, 200 shares on which only Rs.7.50 had been paid.

18 Kamsan Ltd. and Chanooran Ltd. agreed to amalgamate on the basis of the following balance sheet as on 31.03.2017

Liabilities	Kamsan Ltd. (Rs.)	Chanooran Ltd. (Rs.)	Assets	Kamsan Ltd. (Rs.)	Chanooran Ltd. (Rs.)
Share capital (Rs.25 each)	1,50,000	1,00,000	Goodwill	60,000	-
Profit & loss a/c	15,000	5,000	Fixed assets	63,000	77,600
Creditors	7,000	7,000	Stock	30,000	24,000
Depreciation fund	-	5,000	Debtors	16,000	10,400
			Bank	3,000	5,000
	1,72,000	1,17,000		1,72,000	1,17,000

The assets and liabilities are to be taken over by a new company formed called Krishna Ltd., at book values. Krishna Ltd.'s capital is Rs.4,00,000 divided into 20,000 equity shares of Rs.20 each and 20,000 8% preference shares of Rs.20 each.

Krishna Ltd. issued the equity shares equally to the selling companies and preference shares were issued for any balance of purchase price. Pass necessary journal entries in the books of Krishna Ltd. and prepare its balance sheet.

19 On 31.03.2016 the balance sheet of Bama Ltd. and its subsidiary Rukmani Ltd. were as follows:

Liabilities	Bama Ltd. (Rs.)	Rukmani Ltd. (Rs.)	Assets	Bama Ltd. (Rs.)	Rukmani Ltd. (Rs.)
Equity Share capital	16,00,000	4,00,000	Fixed assets	11,00,000	2,00,000
General reserve	3,00,000	1,40,000	Stock	2,10,000	3,54,000
Profit & loss a/c	1,80,000	1,10,000	Other current assets	4,50,000	2,56,000
Creditors	2,40,000	1,60,000	75% shares in Rukmani Ltd. (at cost)	5,60,000	-
	23,20,000	8,10,000		23,20,000	8,10,000

Prepare a consolidated balance sheet as on 31.03.2016 after consider the following information:

- Bama Ltd acquired the shares on 31.07.2015
- Rukmani Ltd. earned profit of Rs.90,000 for the year ended 31.03.2016
- in January 2016 Rukmani Ltd. sold to Bama Ltd. goods costing Rs.30,000 for Rs.40,000. On 31.03.2016 half of these goods were lying as unsold in the godown of Bama Ltd.

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20 The following particulars related to a limited company which has gone into voluntary liquidation. You are required to prepare the liquidator's final account allowing for his remuneration at 3% on the amount realized and 2½% on the amount paid to the unsecured creditors.

Issued share capital:

10,000 preference shares of Rs.100 each fully paid

60,000 equity shares of Rs.10 each fully paid

24,000 equity shares of Rs.10 each, 8 paid up

Assets realized Rs.18,48,000 excluding amount realized by sale of securities held by the secured creditors.

Preferential creditors Rs.48,000

Unsecured creditors Rs.17,02,188

Secured creditors (security realized Rs. 4,86,000) Rs.2,76,000

Debentures having a floating charge on the assets Rs.6,00,000

Expenses of liquidation amounted to Rs.18,000

A call of Rs. Rs.2 per share on the partly paid equity shares was duly paid except in case of one shareholder owning 2,400 shares.

Z-Z-Z

END