

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

THIRD SEMESTER – APRIL 2022

UBC 3501 – CORPORATE ACCOUNTING

Date: 16-06-2022

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

Part – A

Answer ALL questions

(10x2=20)

1. What is stock?
2. X, a shareholder, holding 100 shares of Rs. 10 each has paid application money of Rs. 2 per share and allotment money of Rs. 3 per share, but has failed to pay the first call of Rs. 2 per share and second call of Rs. 3 per share. His shares were forfeited. Make the journal entry to record the forfeiture of shares.
3. On 1 April 2011, a company bought certain assets from Milton. The company also undertook to collect his debts amounting to Rs. 75,000 and to pay his creditors for Rs. 16,000 for a commission of 5% on amounts collected and 1% on amounts paid. The debtors realized only Rs. 60,000 out of which Rs. 14,000 was paid to creditors in full settlement. Milton received Rs. 20,000 in 12% debentures at Rs.90 and the balance in cash Journalize the transactions.
4. What is meant by acquisition of business?
5. What is Cash Flow from Operating activities?
6. Show the following items in the balance sheet of Sunfill Ltd. as at March 31, 2013 as per (revised) Schedule VI, Part-I of the Companies Act, 1956:

Particulars	Amount (Rs.)
General Reserve (since 31 March 2012)	5,00,000
Statement of profit & loss (debit balance) for 2012-13	(3,00,000)

7. Ganesh Ltd., was incorporated on 1st May 2016 to purchase the running business of Vinayak and Co., with effect from 1st January 2016. The company obtained certificate of commencement of business on 24th August 2016. Calculate the time ratio, if the accounts were finalized on 31st December 2016.
8. What is meant by pre-incorporation profit?
9. Calculate the amount of goodwill on the basis of three years purchase of the last five year's average profits. The profits for the last five years are:

	Rs.
I Year	4,800
II Year	7,200
III Year	10,000
IV Year	3,000
V Year	5,000

10. What is valuation of share?

Part – B

Answer any FOUR questions

(4x10=40)

11. Briefly explain the classification of share capital.

12. X Ltd. was registered on January 1, 2006 with an authorised capital of 10,00,000 divided into 10,000 equity shares of 100 each. It offered 9,000 equity shares at par, payable as under: On Application Rs.10 On Allotment Rs.50 On First Call Rs.20 On Second and Final Call Rs. 20 All the shares were subscribed and amount duly received. Pass the necessary journal entries.

13. Swetha Ltd. was formed with an authorized capital of Rs. 20,00,000 divided into equity shares of Rs. 10 each, to acquire the business of L&M whose balance sheet on the date of acquisition was as follows:

Liabilities	Rs.	Assets	Rs.
Capital	10,00,000	Freehold	14,00,000
General Reserve	7,00,000	Premises Stock	2,00,000
Sundry Creditors	3,00,000	Sundry Debtors	2,70,000
		Less: Provision for Bad Debts:	<u>20,000</u>
		Cast at Bank	1,50,000
	20,00,000		20,00,000

The purchase price was agreed upon at Rs. 23,00,000 to be paid in Rs. 20,00,000 fully paid equity shares at Rs.11 and the balance in cash.

You are required to record the above and prepare the balance sheet of Swetha Ltd. assuming the vendor's account is finally settled.

14. The following P&L A/c is presented by B.B. Patil Ltd. For the year ended 31.12.2018.

Profit & Loss A/c

Particulars	Amount	Particulars	Amount
To Salaries & Wages	1,28,000	By Gross Profit b/d	5,08,000
To Directors fees	4,000	By Capital profit on sale of company's land	25,000
To Repairs	27,000	By Subsidy received from State Government	50,000
To Depreciation (including development rebate Rs. 16,000)	1,06,000		
To Scientific Research (New Laboratory Set Up)	20,000		
To General expenses	15,000		
To Income tax	1,00,000		
To Proposed dividend	1,00,000		
To Interest on debentures	24,000		
To Net Profit	59,000		
	5,83,000		5,83,000

Income tax authorities have allowed Rs. 82,000 as depreciation excluding development rebate. Calculate the remuneration payable to the managing director.

15. Differentiate between pre-incorporation and post-incorporation profit.

16. Classify the cash flow statement and explain briefly.

17. From the following information, compute the value of goodwill by capitalizing super profits:

- (i) Average Capital Employed is Rs. 2,00,000
- (ii) Normal rate of profit is 10%
- (iii) Profit for 1991 Rs. 31,000; 1992 Rs. 29,500; 1993 Rs. 33,000
- (iv) Profit for 1992 has been arrived after writing off abnormal loss of Rs. 1,000 and profit for 1993 includes a non-recurring income of Rs. 1,500.

Part – C

Answer any TWO questions

(2x20=40)

18. A Ltd Co. issued a prospectus inviting applications for 2000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows.

On application Rs. 2; On allotment Rs. 5(including premium); On first call Rs. 3; On second and final call Rs. 2.

Application were received for 3000 shares and Pro-rata allotment was made on the application for 2400 shares. Money paid on application was employed on A/c of sum due on allotment.

Ramesh to whom 40 shares were allotted failed to pay the allotment money and due to the sub-sequent failure to pay the first call, his shares were forfeited.

Mohan the holder of 60 shares failed to pay the two calls and his shares were forfeited after the second call.

Of his shares forfeited 80 shares were sold to Krishna, credited as fully paid for Rs 9 per share. The Whole of Ramesh shares being included. Show the necessary journal entries.

19. On 31 March 2020, the following was the balance sheet of a firm:

Liabilities	Rs.	Assets	Rs.
Capital Accounts		Fixed Assets:	
X: 4,40,000		Factory Building	2,64,000
Y: 4,40,000	8,80,000	Plant & Machinery	3,36,000
Sundry Creditors	3,20,000	Furniture	40,000
		Current Assets:	
		Stock at Cost	1,20,000
		Sundry Debtors	2,80,000
		Cash in hand & at Bank	1,60,000
	12,00,000		12,00,000

On 1 April 2020, the firm was converted into a limited company on the following terms:

- Debtors and creditors of the firm were not to be taken over as well as the cash balances.
- Assets were revalued as to furniture at Rs. 24,000; Plant & Machinery at Rs. 3,20,000 and the building at Rs. 2,80,000
- Preliminary expenses amounting to Rs. 16,000 were disbursed by the firm to be recovered from the company.
- As purchase consideration, the partners were to be allotted at par 10,400 equity shares of Rs. 100 each. They were also entitled to receive Rs. 1,60,000 in cash.

Give journal entries and submit the balance sheet as at 1 April 2020, of limited company, assuming the authorized capital to be Rs. 16,00,000 made up wholly of equity shares of Rs. 100 each.

20. From the following statement prepare a cash flow statement.

Liabilities	1987 (Rs.)	1988 (Rs.)	Assets	1987 (Rs.)	1988 (Rs.)
Share Capital	3,00,000	3,50,000	Fixed Assets	5,10,000	6,20,000
8% debentures	1,00,000	2,00,000	Discount on debentures	10,000	5,000
Reserves	80,000	1,00,000	Debtors	40,000	75,000
Creditors	70,000	50,000	Stock	30,000	1,00,000
Bills Payable	50,000	60,000	Bank	10,000	-
Bank overdraft	-	40,000			
	6,00,000	8,00,000		6,00,000	8,00,000

Additional Information:

- (a) Provision for depreciation was on 31-12-87 Rs. 1,50,000 and on 31-12-88 Rs. 1,90,000.
- (b) A machine costing Rs. 70,000 (Depreciation written off Rs. 30,000) was sold for Rs. 25,000.
- (c) Dividend paid was Rs. 30,000.

21. What is goodwill and explain the classification and valuation of goodwill in detail.

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