



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

THIRD SEMESTER – APRIL 2024

UCO 3502 – CORPORATE ACCOUNTING

Date: 20-04-2024

Dept. No.

Max. : 100 Marks

Time: 09:00 PM - 12:00 PM

Section A

Answer all the questions:

(10 X 2 = 20)

- 1) State any two types of dividends.
- 2) Write a short note on 'Own Debentures'.
- 3) The B Ltd issued 2,00,000 equity shares of ₹10 each. The whole issue was undertaken by Mithran. Applications for 1,60,000 shares were received in all. Determine the liability of Underwriter.
- 4) What is Internal Reconstruction?
- 5) ₹10,00,000 Equity Capital of ₹10 each converted into Equity shares of ₹1 each. Pass the Journal Entry.
- 6) What is Purchase Consideration?
- 7) 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:

Year	I	II	III	IV	V
Profits (₹)	40,000	60,000	70,000	30,000	50,000

- 8) Define Goodwill.
- 9) Write a short note on Calls in Advance.
- 10) Calculate the Yield value per share from the information given below:
40,000 equity shares of ₹10 each fully paid. Normal Rate of Return 8% and Expected Rate of Return 12%.

Section B

Answer any four questions:

(4X10 = 40)

- 11) Explain the methods for the redemption of Debentures.
- 12) On 1st January 2018, X Ltd makes an issue of 10,000 equity shares of ₹10 each with premium of 10% payable on application ₹2; on allotment ₹3 including premium and on first and final call ₹6, three months after allotment. All moneys were received but as regard to the call of ₹6, a shareholder holding 200 shares did not pay the amount due. Show the necessary journal entries to record the above transactions.
- 13) B Ltd issued 1,50,000 equity shares. The whole of the issue was undertaken as follows:
X – 50%; Y – 25%; Z – 25%
Applications for the 1,20,000 shares were received in all, out of which applications for 30,000 shares were with the stamp of X, those for 15,000 shares that of Y and those for 30,000 shares that of Z as marked applications. The remaining were unmarked applications of 45,000. Determine the liability of the underwriter.
- 14) A Company was incorporated on 30th June 2020 to acquire the business of Mohan as from 1st January 2020. The accounts for the year ended 31st December 2020, disclosed the following:
 - (a) There was a gross profit of ₹ 2,40,000,
 - (b) The sales for the year amounted to ₹ 12,00,000 of which ₹ 5,40,000 were for the first six months.

(c) The expenses debited to profit and loss account included:

Particulars	Amount (₹)
Director's fees	15,000
Bad Debts	3,600
Advertising (Under a monthly contract of ₹ 1,000)	12,000
Salaries	64,000
Preliminary expenses written off	5,000
Donation to political parties given by the company	5,000

Prepare a statement showing profit made before and after incorporation.

15) Determine the maximum remuneration payable to the part time directors and manager of X Ltd under section 309 and 387 of the Companies Act, from the following particulars. Before charging any such remuneration the P&L A/c showed a credit balance of ₹23,10,000 for the year ended 31st March 2017 after considering the following items:

Particulars	₹
Capital Expenditure	5,25,000
Subsidy received from Govt	4,20,000
Special Depreciation	70,000
Multiple shift allowance	1,05,000
Bonus to foreign technicians	3,15,000
Provision for taxation	28,00,000
Compensation to injured workmen	70,000
Ex-gratia to an employee	35,000
Loss on sale of fixed assets	70,000
Profit on sale of investment	2,10,000

16) What is the procedure to be followed for reducing share capital?

17) Discuss various methods of valuation of Goodwill.

18) From the following calculate the value of goodwill based on 5 years' purchase of average profits of the preceding 7 years.

2016 – Rs.85,000, 2017 – Rs.60,000, 2018 – Rs.50,000, 2019 – Rs.1,10,000, 2020 – Rs.1,00,000, 2021 – Rs.90,000, 2022- Rs.80,000.

Section C

Answer any two question:

(2 X 20 = 40)

19) G Ltd issues 40,000 shares of ₹10 each at a premium of ₹2 per share. The shares were payable as follows:

₹2 on application

₹5 on allotment (including premium)

₹5 on first and final call

All the shares were applied for allotted. All moneys were received with the exception of the first and final call on 1000 shares which were forfeited. 400 of the forfeited shares were issued as fully paid at ₹8 per share.

Give the necessary journal entries, prepare the balance sheet of the company.

20) S Ltd issued 8,000 9% Redeemable Preference Shares of ₹100 each at par on 1.7.2015, redeemable at the option of the company on or after 30th June 2022 partly or fully.

Redemptions were made out of profits as follows:

1200 shares on 30th June 2022 at par

1600 shares on 31st Dec 2022 at 10% premium

Remaining shares on 30th June 2023 at a premium of 5% by making a fresh issue of 40,000 equity shares of ₹10 each at a premium of ₹1 each.

On 30th June, 2023, the company also decided to capitalize 50% of its capital redemption reserve by issuing bonus shares of ₹10 each fully paid at a premium of ₹2.50 per share.

Pass necessary entries to record the above transactions.

21) The summarized Balance Sheet of Ambit Co. Ltd. as at 31st December 2016 was as follows:

Liabilities	₹	Assets	₹
Authorized & Issued Capital:		Land & Buildings	15,00,000
2,00,000 Equity shares of ₹ 10 each fully paid	20,00,000	Plant & Machinery	10,00,000
10,000 6% Cumulative Preference shares of ₹ 100 each fully paid	10,00,000	Goodwill	2,00,000
Bank Overdraft	7,00,000	Patents & Trade marks	1,00,000
Sundry Creditors	5,00,000	Stocks	4,00,000
		Sundry Debtors	3,00,000
		Preliminary Expenses	1,00,000
		Profit & Loss A/c	6,00,000
Total	42,00,000	Total	42,00,000

A scheme of capital reduction was approved on the following terms:

- The preference shareholders agree that their shares be reduced to fully paid shares of ₹ 50 each and to accept equity shares of ₹ 5 each fully paid in lieu of the dividend arrears.
- The Equity shareholders agree that their shares be reduced to a fully paid value of ₹ 5 each.
- The authorized capital of the company is to remain at ₹ 30,00,000 divided into 4,00,000 equity shares of ₹ 5 each and 20,000 6% Cumulative Preference Shares of ₹ 50 each.
- All the intangible and fictitious assets are to be eliminated and bad debts of ₹ 50,000 and obsolete stock of ₹ 80,000 are to be written off. Write the Journal Entries to record the capital reduction and prepare the revised Balance Sheet.

22) Following balances have been extracted from the books of Jenitha Company Ltd. as on 31st March 2014:

Particulars	Debit	Credit
Machinery	1,60,000	
Land & Building	6,74,000	
Depreciation on Machinery	16,000	
Purchases	4,00,000	
Closing Stock	1,50,000	
Wages	1,20,000	
Sales		10,00,000
Salaries	80,000	
Bank Overdraft		2,00,000
10% Debentures (issued on 1st April 2013)		1,00,000
Equity Share Capital- Shares of ₹ 100 each (fully paid)		2,00,000
Preference Share Capital - 1,000 6% Shares of ₹ 100 each (Fully paid)		1,00,000
Total	16,00,000	16,00,000

The Board of Directors of Jenitha Company Ltd. had decided to make the following appropriations:

- To declare an equity dividend @ 10% on paid up capital.
- To pay dividend on the preference share capital in full.
- To transfer ₹ 2, 00,000 to general reserve.

Prepare statement of Profit and Loss for the year ended 31st March 2014 and the Balance Sheet as on that date.

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