LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – **CORPORATE SECRETARYSHIP**

THIRD SEMESTER – **APRIL 2025**

UBC 3501 – CORPORATE ACCOUNTING

Date: 25-04-2025 Dept. No. Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

	SECTION A - K1 (CO1)
	Answer ALL the Questions **(10 x 1 = 10)**
1.	**Fill in the Blanks)**
a)	Shareholders are called as ______ of the company
b)	The Purchase price paid by the purchasing company to the selling company is called as ________
c)	In a Joint Stock company, the liability of shareholders is ________
d)	When an underwriters enters in to an agreement with another person, he is known as _____
e)	Goodwill is an ________ asset.
2.	**Choose the correct Answer to the following.)**
a)	6% is the rate of interest: (A) Call in arrear (B) Call in advance (C) Discount on issue of shares (D) Share allotment
b)	Payment of purchase consideration can be in the form of: (A) Share (B) Cash (C) Debentures (D) All of the Above
c)	Deferred shares are generally issued to (A) Promoters (B) Government (C) Agents (D) Public
d)	In a part of the issue of shares or debenture is underwritten, it is termed as: (A) Partial underwriting (B) Firm underwriting (C) Complete underwriting (D) None of the above
e)	"Capital employed" represents the funds provided by: (A) Creditors (B) Debenture holders (C) Shareholders (D) All of the Above
	SECTION A - K2 (CO1)
	Answer ALL the Questions **(10 x 1 = 10)**
3.	**Match the following**
a)	Profit on re-issue of forfeited shares — Company Seal
b)	Acquisition of Business — Interest paid to vendors
c)	Official Signature of the company — Yield method
d)	Adjusted Time Ratio — Vendor company
e)	Market value method — Capital Reserve
4.	**True or False)**
a)	Equity shareholders get dividend at fixed rate.
b)	The purchasing company has to bear any profit or loss that arises in collecting debts and paying creditors.
c)	The word limited should appear after the name of Chartered company.
d)	Pre-incorporation loss may be treated as revenue loss and debited to profit and loss account.
e)	Capital employed is a combination of fixed assets and Current assets.
	SECTION B - K3 (CO2)
	Answer any TWO of the following in 100 words each. **(2 x 10 = 20)**
5.	X Ltd. Forfeits 100, 12% preference shares of Rs.25 each, fully called up on which Rs. 1,500 have been received and reissues them as fully paid up to one of the directors upon payment of Rs. 2,300. Give the Journal entries required.

6. A Ltd. Purchased business of A & Co., and agreed to settle purchase consideration by the allotment of
2000 equity shares of Rs.10 each at 10% premium to partners.
1000 10% Debentures of Rs.100 each at par for loan creditors and
Rs.1,00,000 in cash to partners.
Calculate purchase consideration.

7. Explain the features of Joint stock company.

8. Ravi Company Ltd. was incorporated on 30th June 2000 to take over the business of Raja as from 1st January 2000. The financial accounts of the business for the year ended 31st December 2000 disclosed the following information.

Sales : January to June	1,20,000	
July to December	1,80,000	3,00,000
Less: Purchases: January to June	75,000	
July to December	1,20,000	1,95,000
Gross profit		1,05,000
Less		
Salaries	15,000	
Selling Expenses	3,000	
Depreciation	1,500	
Directors Remuneration	750	
Debenture Interest	90	
Administration expenses	4,500	24,840
Profit for the year		80,160

Ascertain Pre and Post incorporation profit.

SECTION C – K4 (CO3)

Answer any TWO of the following in 100 words each. (2 x 10 = 20)

9. Explain the advantages and disadvantages of Joint stock company.

10. Write down the steps to prepare a Cash flow statement.

11. Ascertain the value of Goodwill of P.Co. Ltd carrying on business as retail traders from the following information:

Liabilities	Rs.	Assets	Rs.
Paid – up Capital 2,500 shares of 100 each	2,50,000	Plant and Machinery at cost less deprecation	1,00,000
Profit and Loss A/c	56,650	Land and Building at cost	1,10,000
Bank Overdraft	58,350	Goodwill at cost	25,000
Sundry Creditors	90,500	Stock at cost	1,50,000
Provision for Taxation	19,500	Debtors	90,000
	4,75,500		**4,75,000**

The Company commenced operations in 1993 with a paid-up capital as aforesaid of Rs.2,50,000/-. The profit earned, before providing for taxation, have been as: 1993 Rs. 61,000/- ; 1994 Rs.64,000/- ; 1995 Rs.71,500/- ; 1996 Rs.78,000/- and 1997 Rs.85,000/- You may assume that income – tax at the rate of 50% has been payable on these profits. The average dividend paid by the company for the four years is 10% which is taken as reasonable return expected on the capital invested in the business. Calculate the value of goodwill at 2 years purchase of super profit on the average profit of last 5 years.

12.	A company was incorporated on 1st May 1984 to take over a business as a going concern from 1st January of the same year. The turnover for the year ended 31st December was Rs.2,00,000, namely Rs. 60,000 for the period up to 1st May and Rs.1,40,000 for the period following. From the profit and loss account given below for the year ended 31st December 1984, you are required to ascertain Profit prior to Incorporation.

Profit and Loss Account for the year ended 31/12/1984

Particulars	Rs.	Particulars	Rs.
To Rent and Rates	3,240	By Gross profit	70,000
To Insurance	720		
To Salaries	7,800		
To Lighting	2,040		
To Director fees	2,000		
To Sales discount	5,000		
To Sales commission	10,000		
To General expenses	2,400		
To Carriage outward	3,000		
To Bank charges	420		
To Repairs	1,380		
To Bad debts	600		
To Loan interest	1,200		
To Net profit	30,200		
	70,000		**70,000**

SECTION D – K5 (CO4)

Answer any ONE of the following in 250 words **(1 x 20 = 20)**

13. Good prospects Ltd issued 40,000 shares of Rs.10 each at a premium of Rs.2 per share. The shares were payable as follows.

Rs.2 on application
Rs. 5 on allotment (including premium)
Rs.5 on first and final call

All the shares were applied for and allotted. All moneys were received with the exception of the first and final call on 1,000 shares which were forfeited. 400 of these were reissued as fully paid at Rs. 8per share. Give the necessary journal entries; prepare the Bank A/c and the Balance sheet of the Company

14. On 31st Dec.2018, the balance sheet of Ganesh Ltd. was as follows:

Liabilities	**Rs.**	**Assets**	**Rs.**
Share capital (15,000 equity shares of 100 each fully paid)	15,00,000	Plant and Machinery	2,85,000
Profit and Loss A/c	3,09,000	Land and Building	6,60,000
Sundry Creditors	2,31,000	Stock	10,50,000
Bank overdraft	60,000	Debtors	4,65,000
Provision for Taxation	1,35,000		
Dividend equalisation fund	2,25,000		
	24,60,000		**24,60,000**

The net profit of the company, after deducting all working charges and providing for depreciation and taxation were as under:
2014- Rs. 2,55,000; 2015- Rs. 2,88,000; 2016- Rs.2,70,000; 2017- Rs. 3,00,000; 2018- Rs. 2,85,000.
On 31st Dec.2018, Land & Buildings were valued at Rs. 7,50,000 and Plant & Machinery at Rs. 4,50,000.
In view of the nature of the business, it is considered that 10% is a reasonable return on capital.
Calculate the vaue of the company's share after taking into account the revised values on fixed assets and your own valuation of goodwill based on four years purchase of the annual super profits.

SECTION E – K6 (CO5)	
Answer any ONE of the following in 250 words	**(1 x 20 = 20)**

15. A Co Ltd. Was incorporated on May 1, 1993 to take over the business of a partnership firm as a going concern from January 1, 1993. The company got the certificate of commencement business on July 1,1993.
The following is the profit and Loss A/c for the year ending 31/12/1993 is as follows:

Profit and Loss A/c of A Ltd

Particulars	Rs.	Particulars	Rs.
To Rent and taxes	12,000	By Gross profit b/d	1,55,000
To Insurance	3,000		
To Electricity charges	2,400		
To Director fees	3,000		
To Auditor fees	1,600		
To Advertisement	6,000		
To Salaries	36,000		
To commission	4,000		
To Preliminary expenses	6,500		
To Bad debts	2,000		
To Net profit	78,500		
	1,55,000		**1,55,000**

The total turnover for the year ending 31/12/93 was Rs.5,00,000 divided in to Rs.1,50,000 for the period up to 1/5/1993 and Rs.3,50,000 for the remaining period.

Calculate the profit prior to incorporation and profit since incorporation of the company.

16. Ashwini Limited was formed with an authorized capital of Rs.10,00,000 divided into equity shares of Rs.10 each to acquire the business of A&B, whose balance sheet on the date of acquisition was as follows.

Liabilities	**Rs.**	**Assets**	**Rs.**
Capital	5,00,000	Freehold premises	7,00,000
General Reserve	3,50,000	Stock	1,00,000
Sundry creditors	1,50,000	Sundry debtors 1,35,000	
Provision for Taxation	55,000	Less: Provision for bad debts 10,000	1,25,000
Profit and Loss A/c	26,000	Cash at Bank	75,000
	10,00,000		**10,00,000**

The purchase price was agreed upon at Rs,11,50,000 to be paid in Rs.10,00,000 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 Ashwini Limited, assuming that the vendor account is fully settled.

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