

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034****B.Com. DEGREE EXAMINATION – COMPUTER APPLICATIONS****THIRD SEMESTER – NOVEMBER 2022****UCC 3501 – CORPORATE ACCOUNTING**

Date: 22-11-2022

Dept. No. 

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

**PART – A**

<b>PART – A</b>			
<b>Q. No.1</b>	<b>Answer ALL questions</b>	<b>(5 x 1 = 5 Marks)</b>	
a.	What is surrender of shares?	K1	CO1
b.	What is meant by revenue from operations?	K1	CO1
c.	Who are the persons entitled to present a petition for the winding up of a Company?	K1	CO1
d.	Recall Internal reconstruction?	K1	CO1
e.	Name the methods of valuing Goodwill?	K1	CO1
<b>Q.No.2</b>		<b>(5 x 1 = 5 Marks)</b>	
a.	What is 'Firm Underwriting'?	K1	CO1
b.	Marked Applications refers to: a) Applications bearing the stamp of the underwriters b) Applications carrying the signatures of public who applied for shares c) Applications carrying the stamp of company which offered the shares d) None of the above	K1	CO1
c.	Write any two objectives of preparing Financial Statement?	K1	CO1
d.	Define Rights Issue?	K1	CO1
e.	Write the meaning of Sweat Equity?	K1	CO1
<b>Q.No.3</b>		<b>(5 x 1 = 5 Marks)</b>	
a.	What do you mean by issue of shares at 'Par', at 'Premium' and at 'Discount'?	K2	CO1
b.	What are the different modes of winding up?	K2	CO1
c.	Comment on Over subscription of shares?	K2	CO1
d.	Recall Profit prior to Incorporation?	K2	CO1
e.	Define Contingent Liability?	K2	CO1
<b>Q.No.4</b>		<b>(5 x 1 = 5 Marks)</b>	
a.	Expand the following: i) SCRA ii) ASBA	K2	CO1

b.	Premium received on issue of shares account is shown on: a)Assets side of Balance Sheet b)Liabilities side of Balance Sheet c)Credit side of profit and loss account d) Debit side of profit and loss account	K2	CO1
c.	Write the formula to calculate Average profit?	K2	CO1
d.	Write the meaning for acquisition of the business?	K2	CO1
e.	What is 'Liquidation' of a Company?	K2	CO1

### SECTION B

**Answer any TWO of the following questions**

**(2 x 10 = 20 Marks)**

5.	Clearing and Forwarding Co. Ltd made an issue of 60,000 shares which were underwritten as follows: 'X' – 30,000 shares; 'Y' – 18,000 shares and 'Z' – 12,000 shares. In addition, there was 'Firm' underwriting as follows: 'X' – 3,000 shares, 'Y' – 1,500 shares and 'Z' – 4,500 shares The total subscriptions including 'Firm' underwriting were for 45,600 shares. The following marked forms were included in the subscriptions. 'X' – 9,000 shares; 'Y' – 13,500; 'Z' – 5,100 shares. Show the allocative of liabilities of each underwriter. (a)If the benefit of 'Firm' underwriting applications is given to individual underwriters by treating them like 'Marked forms' (b)If the benefit of firm underwriting applications is not given to individual underwriters, by treating them like 'Unmarked forms'.	K3	CO2
6.	Give the format of statement of profit and loss as per revised schedule VI.	K3	CO2
7.	Average capital employed in Kausik Ltd is Rs.35,00,000 whereas net trading profits before tax for the last three years have been Rs.14,75,000; Rs.14,55,000 and Rs.15,25,000. In these three years the managing director was paid a salary of Rs.10,000 p.m. But now he would be paid a salary of Rs.12,000 p.m. Normal rate of return expected in the industry in which Kausik Ltd is engaged is 18%. Rate of tax is 50%. Calculate goodwill on the basis of three years' purchase of super profits.	K3	CO2
8.	Explain the need for valuation of shares	K3	CO2

### SECTION C

**Answer any TWO of the following questions**

**(2 x 10 = 20 Marks)**

9.	<b>A)</b> X Ltd issued 50,000 equity shares of Rs.10 each to the public on condition that full amount of shares will be paid in a lump sum. All these shares were taken up and paid by the public. Pass Journal entries in the books of company when	K4	CO3
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a) Shares issued at par b) Shares are issued at a discount of 10% and c) shares are issued at a premium of 10%

**B) IREDA Ltd** issued 1,20,000 preference shares of Rs.10 each. The whole issue was underwritten by Mark for maximum commission permitted by law. Applications for 1,00,000 shares were received in all. Determine the net liability of Mark and commission payable to him.

10. A Company went into liquidation on 31.03.2018: When the following Balance Sheet was prepared:

<b>Liabilities</b>	<b>Rupees</b>	<b>Assets</b>	<b>Rupees</b>
Authorised Capital: 4,000 shares of Rs.10 each	40,000	Goodwill	6,960
Issued Capital: 3,000 shares of Rs.10 each	30,000	Freehold Property	5,000
Unsecured creditors	15,432	Machinery	7,480
Partly secured creditors	5,836	Stock	11,710
Preferential creditors	810	Debtors	9,244
Bank overdraft (unsecured)	232	Cash	100
		Profit & Loss Account	11,816
	<b>52,310</b>		<b>52,310</b>

The liquidator realized the assets as follows:  
Freehold property which was used in the first instance to pay the partly secured creditors pro-rata Rs.3,600; Machinery Rs.5,000; Stock Rs.6,200; Debtors Rs.8,700; Cash Rs.100.  
The expenses of liquidation amounted to Rs.100 and the liquidator's remuneration was agreed at 2.5% on the amount realized including cash and 2% on the amount paid to unsecured creditors.  
Prepare the liquidator's final statement of account.

11. A firm earns Rs.1,20,000 as its annual profits, the rate of normal profit being 10%. The assets of the firm amount to Rs.14,40,000 and liabilities to Rs.4,80,000. Find out the value of goodwill by capitalization method.

12. The Balance sheet of Saraswati Co. Ltd disclosed the following position as on 31<sup>st</sup> December 2018

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Share Capital: 6,000 equity shares of Rs.100 each	6,00,000	Goodwill	1,65,000
Profit & Loss A/c	75,000	Investments	5,25,000
General Reserve	2,25,000	Stock	6,60,000
6% Debentures	4,50,000	Sundry Debtors	3,90,000

Sundry Creditors	1,50,000	Cash at bank	60,000
Workmen's savings bank A/c	3,00,000		
	18,00,000		18,00,000

- i) The profits for the past five years:  
2014 – R2.30,000; 2015 – Rs.70,000; 2016 – Rs.50,000; 2017 – Rs.55,000; and 2018 – Rs.95,000
- ii) The market value of investments was Rs.3,30,000
- iii) Goodwill is to be valued at three years purchase of the average annual profits for the last five years.
- Find the intrinsic value of each share.

### SECTION D

**Answer any ONE of the following question**

**(1 x 20 = 20)**

13.	<p>India Motor Parts &amp; Accessories Ltd (IMPAL) issued a prospectus inviting applications for 20,000 shares of Rs. 10 each at a premium of Rs. 2 per share, payable as follows:</p> <p>On Application Rs. 2, On Allotment Rs. 5 (including premium) On First Call Rs. 3 On Second &amp; Final Call Rs. 2</p> <p>Applications were received for 30,000 shares. Allotment was made pro-rata to the applicants for 24,000 shares, the remaining applications were refused. Money over paid on application was utilized towards sums due on allotment.</p> <p>Mr. Alex to whom 800 shares were allotted, failed to pay allotment and calls money and Mr. John to whom 1,000 shares were allotted failed to pay the two calls. These shares were subsequently forfeited after the second call made. All the forfeited shares were sold to Mr Charles as fully paid up at Rs.8 per share.</p> <p>Show the journal entries in the Books of IMPAL</p>	K5	CO4																
14.	<p>On 31<sup>st</sup> Dec.2018, the Balance Sheet of Ganesh Ltd. Was as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Liabilities</th> <th style="width: 10%;">Rs.</th> <th style="width: 40%;">Assets</th> <th style="width: 10%;">Rs.</th> </tr> </thead> <tbody> <tr> <td>Share Capital: 15,000 equity shares of Rs.100 each fully paid</td> <td style="text-align: center;">15,00,000</td> <td>Land &amp; Buildings</td> <td style="text-align: center;">6,60,000</td> </tr> <tr> <td>P rofit &amp; Loss A/c</td> <td style="text-align: center;">3,09,000</td> <td>Plant &amp; Machinery</td> <td style="text-align: center;">2,85,000</td> </tr> <tr> <td>Sundry Creditors</td> <td style="text-align: center;">2,31,000</td> <td>Stock</td> <td style="text-align: center;">10,50,000</td> </tr> </tbody> </table>	Liabilities	Rs.	Assets	Rs.	Share Capital: 15,000 equity shares of Rs.100 each fully paid	15,00,000	Land & Buildings	6,60,000	P rofit & Loss A/c	3,09,000	Plant & Machinery	2,85,000	Sundry Creditors	2,31,000	Stock	10,50,000	K5	CO4
Liabilities	Rs.	Assets	Rs.																
Share Capital: 15,000 equity shares of Rs.100 each fully paid	15,00,000	Land & Buildings	6,60,000																
P rofit & Loss A/c	3,09,000	Plant & Machinery	2,85,000																
Sundry Creditors	2,31,000	Stock	10,50,000																

Bank Overdraft	60,000	Sundry 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; 1996 – Rs.2,70,000; 2012 – Rs.3,00,000; and 2018 – Rs.2,85,000

On 31<sup>st</sup> December 2018, Land & Buildings were valued at Rs.7,50,000 and Plant and 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 value of 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

**Answer any ONE of the following question**

**(1 x 20 = 20)**

15. The following is the Trial Balance of R Ltd

K6

CO5

Credits	Rupees	Debits	Rupees
Subscribed Capital: 10,000 shares at Rs.10 per share	1,00,000	Call in Arrears	6,400
Bad Debts Provision (01.7.90)	2,400	Land	10,000
Sales	85,000	Building	25,000
Discount	750	Plant & Machinery	15,000
Purchase returns	3,400	Furniture & Fixtures	3,200
Sundry Creditors	13,200	Carriage inwards	2,300
Securities Premium	6,000	Wages	21,400
General reserve	24,000	Salaries	4,600
		Sales returns	2,700
		Bank Charges	100
		Travelling Expenses	1,200
		Discount	550
		Coal, gas & water	700
		Rates & Taxes	800

		Purchases	50,000
		Bills Receivable	1,200
		Printing & Stationery	1,500
		Audit Fees	1,500
		General Expenses	1,900
		Sundry Debtors	42,800
		Stock (1.7.90)	25,000
		Fire Insurance	400
		Cash in Hand	2,500
		Cash at Bank	14,000
	<b>2,34,750</b>		<b>2,34,750</b>

Prepare statement of profit and loss for the year ended 30.06.1991 and Balance Sheet as at that date after considering the following matters.

(i) Value of stock as on 30.6.91 was Rs.30,000

(ii) Outstanding liabilities as on 30.6.1991 were wages Rs.3,200; Salaries Rs.500 and rates and taxes Rs.200.

(iii) Fire insurance prepaid was Rs.120

(iv) Provision to be made at 5% on debtors for bad debts.

(v) Depreciation to be charged on building at 2 ½ %, on Plant & Machinery at 10% and on furniture and fixtures at 10% p.a.

(vi) The authorized capital of the company is 50,000 shares of Rs.10 each.

16.

Write the Journal entries for the following:

- i) For consolidation of shares
- ii) For sub-division of shares
- iii) For conversion of shares into stock
- iv) When uncalled capital is reduced
- v) For refunding surplus capital
- vi) For reduction of Share capital
- vii) For any sacrifice made by creditors or debenture holders
- viii) For Appreciation in the value of assets
- ix) For payment of Contingent liabilities which materializes
- x) When shares are surrendered by shareholders as per scheme

K6

CO5

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