

**B.Com. / B.Com. (C.S) DEGREE EXAMINATION NOVEMBER 2019**  
**COMMERCE**  
**CORPORATE SECRETARYSHIP**  
**FIFTH SEMESTER**

**COURSE : MAJOR – CORE**  
**PAPER : CORPORATE ACCOUNTING**  
**TIME : 3 HOURS**

**MAX. MARKS: 100**

**SECTION – A**

**ANSWER ALL QUESTIONS:**

**(10 x 2 = 20)**

1. What is meant by Accounting Standards?
2. State any two sources of Fund.
3. Write a short note on ‘Cash flow Statement as per AS 3’.
4. What is ‘Internal Reconstruction’?
5. State any two circumstances under which goodwill of a company is valued.
6. Calculate Cost of goods sold to be shown in the Statement of Profit and Loss of Dhoni Company Limited from the following information:

	Rs.		Rs.
Opening Stock	10,000	Carriage Inwards	2,000
Purchases	5,00,000	Carriage Outwards	1,500
Purchases returns	2,000	Closing Stock	30,000

7. Find out the Provision for Tax made during the 2018

	Rs.
Provision for Taxation on 1.1.2018	2,65,000
Provision for Taxation on 31.12.2018	2,90,000
Tax paid during the year 2018	3,00,000

8. Compute Net profit before tax and extraordinary items for the year 2018 from the details given below:

	31.12.2017 Rs.	31.12.2018 Rs.
Profit and Loss Account	2,80,000	4,00,000
General Reserve	30,000	75,000

Provision for taxation made during the year 2018 was Rs.35,000

9. Suguna Company Limited has been suffering losses in the past. So, it has decided to go for a reconstruction scheme by reducing 22,000 equity shares of Rs.100 each into Rs.50 each so as to write off the debit balance of profit and loss account of Rs. 10,80,000. Give journal entries to record the above transactions.
10. Calculate yield value per share from the following information:  
Paid up value of a share : Rs.10  
Normal rate of return : 10%  
Expected Rate of Return : 15%

## SECTION – B

ANSWER ANY FIVE QUESTIONS:

(5 x 8 = 40)

11. From the following balances and additional information, you are required to prepare Statement of Profit and Loss of **Jadeja Company Limited** for the year ended 31-12-2018

	Rs.		Rs.
Opening Stock	50,000	Plant	1,80,500
Purchases	2,00,000	Furniture	17,100
Wages	70,000	Bad debts	3,200
Discount Allowed	4,200	Sales	3,25,000
Insurance (Upto 31.3.2019)	6,720	Discount received	3,150
Salaries	18,500	Bonus	10,500
Rent	6,000	Advertisement	6,200
General expenses	8,950		

**Additional Information:**

- (a) Closing stock was valued at Rs.1,91,500  
 (b) Plant and Furniture be depreciated by 15% and 10% respectively.  
 (c) A tax provision of Rs.8,000 is considered necessary.

12. From the following information, Calculate Funds from Operations:

	Rs.
Balance of Profit & Loss Account on 31-12-2018	1,50,000
Balance of Profit & Loss Account on 31-12-2017	1,00,000
(a) Depreciation charged on fixed assets	10,000
(b) Preliminary expenses written off	5,000
(c) Goodwill written off	2,000
(d) Amount transferred to General Reserve	15,000
(e) Profit on sale of a machine	5,000
(f) Interim dividend paid	6,000
(g) Provision for taxation made during the year 2018	10,000

13. From the following balances, you are required to calculate Net Cash from Operating Activities:

	31-12-2017 Rs.	31-12-2018 Rs.
Profit and Loss account balance	50,000	3,10,000
General Reserve	50,000	60,000
Goodwill	50,000	40,000
Preliminary expenses	10,000	8,000
Debtors	90,000	84,000
Creditors	40,000	55,200
Bills receivable	24,000	30,000
Prepaid Expenses	3,000	3,000
Bills payable	30,000	32,000
Outstanding expenses	2,400	3,200

14. Rose Company Limited has the following shares as part of its share capital:

10,000 8% preference shares of Rs.100 each fully paid

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

50,000 equity shares of Rs. 5 each fully paid

20,000 equity shares of Rs. 10 each, Rs.8 called up and paid up

Give necessary journal entry for each of the following alterations of share capital:

- (a) To sub-divide the preference shares into shares of Rs.10 each.  
 (b) To convert its 10,000 equity shares of Rs.100 each into Rs. 10,00,000 worth of stock.  
 (c) To consolidate the equity shares of Rs.5 each into shares of Rs.10 each.  
 (d) To convert the partly paid up equity shares into fully paid up shares of Rs.8 each
15. Abinaya Company Limited passed a resolution and got the approval of the court for the reduction of its share capital by Rs.10,00,000 for the purposes mentioned below:  
 (a) To write off the debit balance of Profit & Loss Account of Rs. 4,20,000  
 (b) To reduce the value of Plant and Machinery by Rs.1,80,000 and goodwill by Rs. 80,000  
 (c) To reduce the value of Investments by Rs.1,60,000  
 The reduction was made by converting 1,00,000 preference shares of Rs.20 each fully paid into the same number of shares of Rs.15 each fully paid and by converting 1,00,000 equity shares of 20 each fully paid into the same number of shares of Rs.15 each fully paid up.  
 Pass journal entries to record the above transactions.
16. From the following information, compute the value of goodwill of the firm by capitalizing super profits:  
 (i) Sundry assets of the firm are Rs. 3,50,000  
 (ii) Sundry liabilities of the firm are Rs. 1,00,000  
 (iii) Normal Rate of Return is 10%  
 (iv) Profit for 2011 Rs.31,000; 2012- Rs.29,500 and 2013 – Rs.33,000.  
 (v) Profit for 2012 has been arrived at after writing off abnormal loss of Rs.1,000 and profit of 2013 includes a non-recurring income of Rs.1,500.

17. The following is the Balance Sheet of Sakthi Company Limited as on 31<sup>st</sup> December 2018:

Liabilities	Rs.	Assets	Rs.
Share Capital: 3,000 equity shares of Rs.100 each	3,00,000	Cash in hand	2,000
1,500 8% pref.sh. of Rs.100 each	1,50,000	Cash at Bank	20,000
General reserve	40,000	Debtors	80,000
Profit and Loss A/c	10,000	Stock	1,40,000
Bank loan	50,000	Land and Building	2,05,000
Creditors	15,000	Furniture	30,000
		Goodwill	70,000
		Discount on issue of shares	18,000
	<b>5,65,000</b>		<b>5,65,000</b>

The value of assets is assessed as follows:

- (i) Furniture is to be depreciated by 10%.  
 (ii) Values of Stock, Land and Building and goodwill are estimated at Rs.1,20,000,  
 (iii)Rs.2,50,000 and Rs.80,000 respectively.  
 (iv) Debtors are expected to realize 80% of the book value.

Find out the value of equity shares under the intrinsic value method.

### SECTION – C

**ANSWER ANY TWO QUESTIONS:**

**(2 x 20 = 40)**

18. The following are the balance sheets of Amudha Limited on 31<sup>st</sup> December 2017 and 2018:

Liabilities	2017 Rs.	2018 Rs.	Assets	2017 Rs.	2018 Rs.
Equity Share capital	1,00,000	1,00,000	Goodwill	12,000	12,000
General Reserve	14,000	18,000	Building	40,000	36,000
Profit and Loss a/c	16,000	13,000	Plant	37,000	36,000
Sundry Creditors	8,000	5,400	Investments	10,000	11,000
Bills Payable	1,200	800	Stock	30,000	23,400
Provision for Taxation	16,000	18,000	Bills Receivable	2,000	3,200
Provision for bad debts	400	600	Debtors	18,000	19,000
			Cash at Bank	6,600	15,200
	1,55,600	1,55,800		1,55,600	1,55,800

Additional information:

- (i) Depreciation charged on Plant was Rs.4,000 and on Building was Rs.4,000.  
(ii) Provision for taxation of Rs.19,000 was made during the year 2018.  
(iii) Interim dividend of Rs.8,000 was paid during the year 2018.

You are required to prepare:

- (a) A schedule of changes in Working Capital and  
(b) A Funds Flow statement

19. The following are the Balance Sheets of Bharathi Company Limited:

Liabilities	2017 Rs.	2018 Rs.	Assets	2017 Rs.	2018 Rs.
Equity Share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
8% Preference Share Capital	1,50,000	1,00,000	Buildings	2,00,000	1,70,000
Profit and Loss a/c	30,000	48,000	Plant	80,000	2,00,000
General reserve	40,000	70,000	Stock	77,000	1,09,000
Proposed Dividend	42,000	50,000	Debtors	1,60,000	2,00,000
Creditors	55,000	83,000	Bills receivable	20,000	30,000
Bills Payable	20,000	16,000	Cash	15,000	10,000
Provision for Taxation	40,000	50,000	Bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

Additional information:

- (a) Depreciation charged on plant in 2018 was Rs. Rs.10,000  
(b) Depreciation charged on building in 2018 was Rs.20,000  
(c) An interim dividend of Rs.20,000 has been paid in 2018  
(d) Income tax of Rs.35,000 was paid during the year 2018.

You are required to prepare a Cash Flow Statement. (As per AS3)

20. The Balance Sheet of ABC Limited as at 31<sup>st</sup> December 2018 was as follows:

Liabilities	Rs.	Assets	Rs.
Share Capital:		Goodwill	15,000
4,000 eq. shares of Rs.100 each	4,00,000	Freehold Premises	2,00,000
2,000 11% pref. sh. of Rs.100 each	2,00,000	Plant	3,00,000
5% Mortgage Debentures	1,00,000	Stock	50,000
Bank Overdraft	50,000	Debtors	40,000
Sundry Creditors	1,00,000	Profit & Loss A/c	2,45,000
	<b>8,50,000</b>		<b>8,50,000</b>

The following scheme was approved by the court for the company:

- (i) Equity shares to be reduced to Rs.37.50 per share.  
(ii) Preference shares are to be reduced to Rs. 75 per share.  
(iii) Debenture holders to take over stock and book debts in full satisfaction of the amount due to them.  
(iv) Goodwill is to be eliminated.  
(v) Freehold premises to be depreciated by 50%.  
(vi) Plant to be appreciated by Rs.50,000.

Journalise the above transactions and prepare the revised Balance Sheet.

21. On 31<sup>st</sup> March 2015, the Balance sheet of Sudhahar Company limited disclosed the following position:

Liabilities	Rs.	Assets	Rs.
Share Capital:		Fixed Assets	5,00,000
40,000 equity shares of Rs.10 each	4,00,000	Current assets	2,00,000
Reserves	90,000	Goodwill	40,000
Profit & Loss A/c	20,000		
5% Debentures	1,00,000		
Current Liabilities	1,30,000		
	7,40,000		7,40,000

**Other Information:**

- (1) On 31<sup>st</sup> December 2015, the fixed assets were independently valued at Rs. 3,50,000 and goodwill at Rs. 50,000.
- (2) The net profits for the three years were as follows:  
2013 – Rs. 51,600; 2014 – Rs. 52,000 & 2015 – Rs. 51,650.
- (3) Of the profits, 20% was transferred to reserve.
- (4) The normal rate of return in the industry to which the company belongs to is 10%.

Compute the value of the company's share under:

- (a) The Net Assets method
- (b) The Yield Method &

The Fair Value method

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