



Sambath

Avinashilingam Institute for Home Science and Higher Education for Women

Deemed to be University Estd.u/s 3of UGC Act 1956, Category A by MHRD [now MoE]

Re-accredited with an A++ Grade by NAAC CGPA 3.65/4, Category I by UGC

Coimbatore-641043, Tamil Nadu, India

Continuous Internal Assessment I – February 2025 II Semester

Class : I UG

Major: B.Com/B.Com (PA)/ B.Com (CA)B.Com CS

Time : 2 Hours

Max.Marks: 60

23BCOC04/23BCPC04/23BCCC04/23BCRC04 Corporate Accounting and Spread Sheet Applications

Course Outcomes:

CO1: Ability to adopt Accounting Standards in Issue of Shares and Debentures.

CO2: Well-versed in preparation of Financial Statements using Manual and Online Software.

CO3: Understand the procedure of Internal Reconstruction of the Company.

CO4: Ability to analyse the Amalgamation of companies in India.

CO5: Ability to utilize the Annual Report of Companies and e-filing of Annual Report and applications of spread sheet functions in select business operations.

Part A

1 x 6 = 6

Choose the correct answer

- The portion of the authorised capital which can be called up only on the liquidation of the company is called
a) Issued capital b) Unsubscribed capital c) Reserve capital d) Uncalled capital CO1K2
- The balance in the share forfeiture account after the forfeited shares are reissued is transferred To
a) General Reserve A/C b) Securities Premium A/C
c) Capital reserve A/C d) Profit & Loss A/C CO1K2
- Dividends are usually paid on:
a) Paid-up capital b) Authorised capital c) Called-up capital d) Issued capital CO2K1
- Preliminary Expenses are an example of
a) Fixed asset b) Current asset c) Investment d) Fictitious asset CO2K1
- Interim dividend is always shown
a) In P&L A/c b) In P&L Appropriation A/C
c) On the asset side of the balance sheet d) On the liabilities side CO3K1
- Consent of the creditors is required for
a) Return of capital b) Increasing share capital CO3K2
c) Sub-dividing the share d) Reduction of share capital

Part B

3 x 6 = 18

Answer ALL questions

Each answer should not exceed 400 words or two pages

- a. Write the difference between a private limited company and a public limited company. CO1K1
(or)
- b. Give the necessary journal entries to record the following transactions: CO1K2
A holds 200 equity shares of Rs.10 each on which he paid Rs. 1 per share as application money.
B holds 300 equity shares of Rs.10 each on which he has paid Rs.1 and Rs.3 per share as application and allotment money respectively.
C holds 500 equity shares of Rs.10 each on which he has paid Rs.1 on application ,Rs.3 on allotment and Rs.2 on first call.
They all fail to pay their arrears and the second call of Rs.2 per share and the directors, therefore, forfeited the shares. All these shares were reissued subsequently @ Rs.11 per share as fully paid.
- a. Prepare the balance sheet as at 31-3-2021 from the particulars furnished by M/s Kiran Ltd. CO2K3 as per schedule III of the Companies Act :

Particulars	Amount(Rs.)	Particulars	Amount(Rs.)
Share Capital	7,50,000	Capital Redemption Reserve	20,000
Calls in Arrear	5,000	Investment in 6% GP Notes(Tax Free)	3,00,000
Land	2,20,000	Surplus Account	65,000
Building	2,00,000	Cash in Hand	25,000
General Reserve	50,000	Cash in Hand	10,000
Loan from IDBI	1,00,000	Debtors	1,00,000
Sundry Creditors	1,50,000	Stock	25,000
		Goodwill	

(or)

8.b. Following items appear on the liabilities side of the balance sheet of a limited company as on 1st April 2021: CO2K2

- a) 13.5% preference share capital Rs. 4,00,000
- b) Equity share capital fully paid up Rs. 5,00,000
- c) Equity share capital – 60 % paid up Rs.3,00,000
- d) Securities premium account Rs.7,00,000
- e) 15% Debentures Rs. 10,00,000

Profit (before interest on debentures and tax at 60%) is Rs. 11,50,000 for the accounting year ended 31st March 2022. The recommendations of the company's board of directors include equity dividend of 15%. Pass Journal Entries to incorporate board's recommendations.

9.a. Progressive Corporation is planning to raise funds by making rights issue of equity shares to finance its expansion. The existing ordinary share capital of the company is Rs. 1 crore. The par value of its shares is Rs. 10 and the market price is Rs. 40. The alternatives under consideration before the management for making rights issue are given below: CO3K3

- a) 4 new shares for 5 old shares at par.
- b) 3 new shares for 5 old shares at Rs. 15.
- c) 2 new shares for 5 old shares at Rs.20.
- d) 1 new shares for 5 old shares at Rs.25.

You are required to analyse for each alternatives : (i) theoretical market price after rights issue, (ii) value of rights.

(or)

9.b. A Ltd. had Rs. 10,00,000 authorised capital on 31.12.2018 divided into shares of Rs.100 each out of which 8,000 shares were issued and fully paid up. In June, 2019, the company decided to convert the issued shares into stock. But in June 2020 the company converted stock into shares of Rs.10 each fully paid up. CO3K3

Pass journal entries and show how share capital will appear in the balance sheet as on 31.12.2018, 31.12.2019 and 31.12.2020.

Part C

3 x 12 = 36

Answer ALL questions

Each answer should not exceed 800 words or four pages

10.a. Madras properties Ltd. was formed to acquire the property from Babu for Rs. 5,00,000 payable Rs. 2,50,000 in cash and the balance in shares. The capital of the company was Rs.10,00,000 divided into 1,00,000 shares of Rs. 10 each. It issued to the public 55,000 shares; Rs. 3 payable on application, Rs. 4 on allotment and the balance on first and final call. CO1K2

The purchase consideration was fully satisfied. The preliminary expenses Rs. 22,000 were paid by the company. Shareholders holding 820 shares failed to pay the final call and after due notice their shares were forfeited according to the Articles of Association. The shares were reissued subsequently at a price of Rs. 6 per share.

Give journal entries necessary to record the above transactions.

(or)

10.b. The Nagpur Chemical Works Ltd. issued for public subscription 1,00,000, Equity shares of Rs.100 each at a premium of Rs. 20 per share, payable as under: CO1K2
On application Rs. 20 per share; on allotment, Rs. 50 per share (including premium); on first call Rs. 20 per share; and on final call Rs. 30 per share.

Application were received for 1,50,000 shares. The shares were allotted pro rata to the applicants for 1,20,000 shares, the remaining application being rejected. Money over paid on application was utilized towards sums due on allotment.

Ram Lal to whom 4,000 shares were allotted, failed to pay allotment and call money and krishankumar, to whom 5,000 shares were allotted failed to pay the two calls. These were subsequently forfeited after the second call was made. All forfeited shares were sold to Mohitkumar as fully paid up at Rs.80 per share.

Pass the necessary journal entries.

11.a. Rising Engineers Ltd. have authorized capital of Rs. 50 lakhs, divided into 5,00,000 equity shares of Rs. 10 each. Their books show the following balances as on 31st March 2021: CO2K2

Stock as on 1.4.2020 Rs. 6,65,000	Business Expenses Rs. 61,000
Discount & Rebates Rs. 30,000	Repairs Rs. 46,500
Carriage Inwards Rs. 57,500	Bad Debts Rs. 25,500
Patterns Rs. 3,75,000	Bank- Current A/c Rs.20,000
Rates, Taxes and Insurance Rs. 55,000	Cash in Hand Rs. 8000
Furniture & Fixtures Rs. 1,50,000	Debenture interest (for ½ year to 30.9.2020 Rs. 10,000
Materials Purchased Rs. 12,32,500	Interest -Banks Rs.91,000
Wages Rs. 13,05,000	Calls in arrears Rs. 10,000
Coal & Coke Rs.63,000	Equity Share Capital(2,00,000 shares of Rs. 10 each) Rs.20,00,000
Freehold Land Rs. 12,50,000	4% Debentures(repayable after 10 years) Rs. 5,00,000
Engineering Tools Rs. 1,50,000	Bank Overdraft Rs. 7,57,000
Goodwill Rs. 3,75,0000	Sundry Creditors (for goods) Rs. 2,40,500
Sundry Debtors Rs. 2,66,000	Sales Rs. 36,17,000
Bills Receivable Rs. 1,34,000	Rents (Cr.) Rs. 30,000
Advertisement Rs. 15,000	Transfer Fees Rs. 6,500
Commission Brokerage Rs. 67,500	Surplus a/c (Cr.) Rs. 67,000

The stock (valued at cost or market value whichever is lower) as on 31st March, 2021 was Rs. 7,08,000. Outstanding liability for wages Rs.25,000 and business expenses Rs. 25,000.

Dividend declared @ 10% on paid up capital. To charge depression : Plant & Machinery @ 5% engineering tools @ 20%; and furniture and fixtures @ 10%. Provide 2% on debtors as doubtful debts after writing off Rs. 21,500 as bad debts and create debenture redemption reserve Rs. 10,000. Provide Rs. 2,40,000 for income-tax.

You are required to prepare (i) Statement of profit and loss for the year ended 31st March 2021. and (ii) Balance sheet as on that date; in accordance with Companies Act 2013 giving as much information as necessary. Ignore previous year's figures.

(or)

11.b. Prepare Balance sheet as at 31st March 2021 from the particulars furnished by vision Ltd., as per Schedule III of the Companies Act 2013. CO2K3

Equity Share Capital (Rs. each fully paid) Rs 8,00,000	Provision for Taxation Rs. 54,400
Calls in arrear Rs. 800	Sundry Debtors Rs. 1,60,000
Land Rs. 1,70,640	Advances (Dr.) Rs. 34,160
Building Rs.2,80,000	Proposed Dividend Rs. 48,000
Plant & Machinery Rs. 4,20,000	Surplus A/c Rs. 80,000
Furniture Rs. 40,000	Cash Balance Rs. 24,000
General Reserve Rs. 1,68,000	Cash at Bank Rs. 1,97,600
Loan from IDBI Rs. 1,20,000	Sundry Creditors (For Goods & Expenses) Rs.1,60,000
Loans (Unsecured) Rs. 96,800	Stock:
	Finished Goods Rs. 1,60,000
	Raw Material 40,000
	2,00,000

Adjustments:

- (i) 1,500 equity shares were issued for consideration other than cash
- (ii) Loan of Rs. 1,20,000 from IDBI id inclusive of Rs. 6,000 for interest accrued but not due. The loan is hypothecated by plant and machinery.
- (iii) Debtors of Rs. 50,000 are due for more than six months.
- (iv) The cost of assets:

Building	Rs. 3,20,000
Plant and Machinery	Rs. 5,60,000
Furniture	Rs. 50,000
- (v) Bank balance includes Rs. 2,000 with Trust Bank Ltd. which is not a scheduled Bank.
- (vi) Bills receivable for Rs. 2,20,000 maturing on 30th June 2021 have been discounted
- (vii) The company had contract for the erection of machinery at Rs. 1,50,000 which is still incomplete.

12. a) Timex Ltd., issued 1000 8% debentures of Rs.100 each. Give appropriate journal entries in the books of the company, if the debenture were issued as follow:

- a) Issued at par, redeemable at par.
- b) Issued at a discount of 5%, repayable at par.
- c) Issued at a premium of 10%, repayable at par.
- d) Issued at par redeemable at a premium of 10%.

e) Issued at a discount of 5%, repayable at a premium of 10%..

You are also required to show how the items concerned appear in the Balance sheet in each of the above cases.

CO3K2

(or)

12. b) . b. Following is the balance sheet of weak Co. Ltd as on 31st March 2021:CO3K3

I. Equity and Liabilities	□
1. Shareholders funds	
a. Share Capital:	
1,00,000 Equity share of Rs. 10 each	10,00,000
b. Reserves and Surplus:	
Surplus A/c (Negative Balance)	(-) 5,50,000
2. Current Liabilities	
Sundry Creditors	1,73,000
Total Equity and Liabilities	6,23,000
II Assets	
1. Non-current Assets:	
Fixed Assets	
Land	1,00,000
Plant & Machinery	2,30,000
Furniture & Fittings	68,000
2. Current Assets	
Stock	1,50,000
Debtors	70,000
Cash at Bank	5,000
Total Assets	6,23,000

The approval of the cost was obtained for the following scheme of reduction of capital:

- i. The equity shares to be reduced to Rs. 4 per share.
- ii. Plant and Machinery to be written down to Rs. 1,50,000.
- iii. Stock to be revalued at Rs. 1,40,000.
- iv. The provision on debtors for doubtful debts to be created Rs. 2,000.
- v. Land to be revalued at Rs. 1,42,000.

Pass Journal Entries to give effect to the above arrangement and also prepare reconstruction account.

No.of Copies: 60+30+65+65+60+30+30+15=355