

Reg. No. :

Code No. : 22089 E Sub. Code : CMCO 51/
CMHO 51

B.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2024.

Fifth Semester

Commerce/Honours – Core

CORPORATE ACCOUNTING

(For those who joined in July 2021 & 2022 only)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer.

1. The amount received over and above the par value is credited to _____
 - (a) Securities premium account
 - (b) Cash in advance account
 - (c) Share capital account
 - (d) Forfeited share account

The board of directors passed the following resolutions.

- (i) Equity shares would be reduced by Rs.4
- (ii) Preferential shares reduced by Rs.3

It was further resolved that the amount available would be used for writing of goodwill and debit balance of profit and loss account. Pass journal entries and prepare balance sheet.

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2. After the forfeited shares are reissued, the balance in the forfeited shares account should be transferred to _____
- (a) General reserve account
 - (b) Capital reserve account
 - (c) Securities premium account
 - (d) Surplus account
3. When own debentures are cancelled, any profit on cancellation is transferred _____
- (a) Profit and Loss account
 - (b) General reserve
 - (c) Capital reserve
 - (d) Revenue reserve
4. According to companies (Amendment) Act 1999, the premium on issue of debentures should be credited to _____
- (a) Share premium account
 - (b) Debenture premium account
 - (c) Securities premium account
 - (d) None of these

5. If the whole of the issue of shares or debentures is underwritten it is known as _____
- (a) Partial underwriting
 - (b) Incomplete underwriting
 - (c) Complete underwriting
 - (d) None of these
6. In profit prior to incorporation, the gross profit is allocated in the _____
- (a) Time ratio
 - (b) Sales ratio
 - (c) Direct method
 - (d) Any of these
7. Goodwill is shown in company's balancesheet under the head _____
- (a) Fixed Asset
 - (b) Investment
 - (c) Miscellaneous expenses
 - (d) None of these
8. Under Net asset method, the value of a share depends on the amount that would be availed to _____
- (a) Preference shareholders
 - (b) Equity shareholders
 - (c) Creditors
 - (d) Debenture holders



9. Accounting standard of amalgamation is

- (a) As 8 (b) As 20
(c) As 14 (d) As 3

10. Incase of internal reconstruction the existing company will be _____

- (a) Liquidated (b) Amalgamated
(c) Absorbed (d) Retained

PART B — (5 × 5 = 25 marks)

Answer ALL questions by choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Give the Journal entries for forfeiture of shares.

Or

(b) Kandan Ltd. issued 40,000 shares of Rs.10 each payable in full an application. The company received application for 40,000 shares. Applications were accepted in full. Show journal entries in the books of Kandan Ltd.

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12. (a) A company issued 1,000 8% debenture of Rs.100 each. If the debenture were issued as follows

- (i) Issued at par, redeemable at par
(ii) Issued at discount 5% redeemable at par
(iii) Issued at premium of 10% redeemable at par

Pass journal entries.

Or

(b) How do you record the debentures when it is issued as collateral security?

13. (a) Explain different methods of underwriting.

Or

(b) Find out the profit prior to incorporation.

Time ratio : 2 : 4

Sales ratio : 2 : 6

Gross profit Rs.3,40,100

Administrative expenses Rs.1,39,200

Selling expenses Rs.37,200

Preliminary expenses Rs.23,120

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14. (a) Describe how shares of a company are valued.

Or

- (b) Computation of goodwill under super profit method. Profit for last three years.

2016 – 2017 Rs.14,00,000

2017 – 2018 Rs.15,00,000

2018 – 2019 Rs.16,00,000

Capital employed at Rs.60,00,000 and normal rate of return expected in the industry @ 15%, Goodwill on the basis of three years purchase of the super profit.

15. (a) Write a note on:

- (i) Absorption
- (ii) Reconstruction

Or

- (b) The company B takes over the business of company A. The value agreed for various assets are goodwill Rs.22,000, Land and building Rs.25,000, Plant and machinery Rs.24,000, Stock Rs.13,000, Debtors Rs.8,000. B company does not takes over cash but agrees to assume the liability of sundry creditors at Rs.5,000. Calculate purchase consideration.

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PART C — (5 × 8 = 40 marks)

Answer ALL questions by choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Write down the provisions relating to issue of shares at premium.

Or

- (b) 'X' Ltd invited applications for 10,000 shares of Rs.100 each at discount of 6% payable as follows.

On application – Rs.25

On allotment – Rs.34

On first and final call – Rs.35

The applications were received for 9000 shares and all of these were accepted. All money were received except first and final call on 100 shares which were forfeited 50 shares were reissued @ 90 as fully paid. Pass entries in the books of the company.

17. (a) What are the methods of redemption of Debentures?

Or

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- (b) Journalise the following transaction at the time of issue of debentures and redemption of debentures.

- (i) Debentures issued at Rs.95 repayable at Rs.100
- (ii) Debentures issued at Rs.95 repayable at Rs.105
- (iii) Debentures issued at Rs.100 repayable at Rs.105
- (iv) Debentures issued at Rs.105 repayable at Rs.100

The face value of debenture Rs.100

18. (a) Give a specimen form of balance sheet and statement of profit and loss of a company according to company act.

Or

- (b) From the following particulars of Babu Ltd. Prepare Profit and Loss account for the year ended 31st March 2017.

Cost of goods sold Rs.20,000

Revenue from operations Rs.70,000

Finance cost Rs.3,000

Depreciation and amortization expenses Rs.1,500

Other income Rs.5,000

Employee benefit expenses Rs.4,000

Other expenses Rs.2,000

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19. (a) Explain different methods of valuation of goodwill.

Or

- (b) The following particulars relate to limited company which went into voluntary liquidation.

Rs.

Preferential creditors 25,000

Unsecured creditors 58,000

6% debentures 30,000

The assets realised Rs.80,000 the expenses of liquidation amounted to Rs.1,500 and liquidator remuneration at 2% on the amount paid to unsecured creditors including preferential creditors.

20. (a) What do you mean by amalgamation in the nature of purchase and merger?

Or

- (b) The following is the balance sheet of Adithya Ltd. as on 31-12-2007.

Balance sheet			
Liabilities	Rs.	Assets	Rs.
1,00,000 equity shares of Rs.10 each		Fixed Assets	10,50,000
7% preferential shares of Rs.10 each	10,00,000	Goodwill	1,50,000
Creditors		Investment	2,00,000
		Debtors	2,50,000
		Profit and loss account	5,50,000
	22,00,000		22,00,000

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