

Reg. No. : .....

Code No. : 12013 E      Sub. Code : SMC0 51/  
AMCO 51

Rate of tax	50%
Transfer to general reserve every year	20% of the profit
Normal rate of earnings	10%

B.Com. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2022.

Fifth Semester

Commerce — Core

CORPORATE ACCOUNTING — I

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. The rate of discount on shares cannot exceed  
(a) 3%                      (b) 6%  
(c) 5%                      (d) 10%





2. Debenture holders are the \_\_\_\_\_  
(a) customers of the company  
(b) creditors of the company  
(c) owners of the company  
(d) none of these
3. Goodwill is shown in assets side of the company's balance sheet under the heading of  
(a) fixed assets  
(b) current assets  
(c) investments  
(d) miscellaneous expenditure
4. When an existing company takes over the business of one or more existing companies, it is called \_\_\_\_\_  
(a) absorption  
(b) amalgamation  
(c) external reconstruction  
(d) internal reconstruction
5. Net asset taken over by a purchasing company is Rs. 2,30,000. The purchase consideration is Rs. 2,00,000. The difference of Rs. 30,000 is transferred to \_\_\_\_\_ account.  
(a) Goodwill (b) Capital reserve  
(c) Asset (d) Loss

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6. Gross profit should be apportioned between pre and post incorporation periods in  
(a) Weighted time ratio  
(b) Post incorporation  
(c) Sales ratio  
(d) Time ratio
7. The underwriter is entitled to claim remuneration on  
(a) The issue price of shares underwritten  
(b) The face value of shares actually purchased  
(c) The face value of shares not purchased by him  
(d) None of these
8. \_\_\_\_\_ is the difference between average profit and normal profit of a concern.  
(a) Business profit (b) Capital profit  
(c) Revenue profit (d) Super profit
9. For calculating intrinsic value of shares, the following is considered  
(a) Net realizable value of assets  
(b) Future maintainable profit  
(c) Annuity value  
(d) None of these

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10. Contingent liability is shown as
- (a) Current liability
  - (b) Non-current liability
  - (c) Provision
  - (d) Foot note to the balance sheet

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).  
Each answer should not exceed 250 words.

11. (a) A company forfeited 500 shares of Rs. 10 each (issued at a premium of 10%) for non payment of first call Rs. 3 and final call of Rs. 2. Out of these 200 shares were reissued at a discount of 10%. Pass journal entries in the books of the company.

Or

- (b) Distinguish between share and debenture.

12. (a) What is corporate dividend tax?

Or

- (b) Give a format of profit and loss account.

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13. (a) A company B takes over the business of company A. The value agreed for various assets is goodwill Rs. 44,000, land and building Rs. 20,000, plant and machinery Rs. 48,000. Stock Rs. 15,000 debtors Rs. 10,000. B company does not take over cash but agree to assume the liability of sundry creditors at Rs. 7,000.

Calculate purchase consideration.

Or

- (b) Describe the methods of accounting for amalgamation.

14. (a) Seema & Co. Ltd., was incorporated on 30.6.1999 to acquire the business of Bama & Co. from 1.1.1999. The sales for the year amounted to Rs. 6,00,000 out of which Rs. 2,70,000 was for the first 6 months. The accounts are closed on 31<sup>st</sup> December every year. Calculate

- (i) Time ratio
- (ii) Sales ratio.

Or

- (b) From the following details calculate profit prior to and after incorporation.

- (i) Time ratio 3 : 4
- (ii) Sales ratio 2 : 3

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(iii) Gross profit Rs. 5,00,000

(iv) Expenses

Salary Rs. 14,000 Rent Rs. 35,000 Discount  
Rs. 40,000 General expenses  
Rs. 7,000 Advertisement Rs. 50,000 Director's  
fees Rs. 18,000.

15. (a) Calculate the amount of goodwill at 3 years purchase of average profits of the past four years. The profits for the last 4 years are

Year	Profit Rs.
2010	50,000
2011	58,500
2012	48,300
2013	51,400

Or

- (b) Explain the various methods of valuing shares.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b)  
Each answer should not exceed 600 words.

16. (a) X limited issued 20000 shares of Rs. 50 each at a discount at Rs. 2 per share payable as follows.

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On application Rs. 10 per share

On allotment Rs. 15 per share

On first and final call Rs. 23 per share

Applications were received for 18000 shares. All moneys due were received except first and final call on 500 shares which were forfeited and reissued at Rs. 45 per share as fully paid. Show necessary journal entries in the books of the company.

Or

- (b) What are the conditions for redemption of preference shares?

17. (a) Explain the various items shown, under the head 'Non current assets' and 'Current assets'.

Or

- (b) What is a contingent liability? Give two example.

18. (a) Distinguish between amalgamation, absorption and external reconstruction.

Or

- (b) Define purchase consideration. Explain various methods of its calculation.

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19. (a) Shiva and Bishnu working in partnership registered a joint stock company under the name OM Bishnu Ltd on 30<sup>th</sup> September 2008 to take over their existing businesses with effect from 1<sup>st</sup> April 2008.

The profit and loss a/c of OM Bishnu Ltd, for the year ended 31<sup>st</sup> March 2009 was as follows.

Particulars	Rs.	Particulars	Rs.
To rent and taxes	12,000	By gross profit	90,000
To insurance	3,000		
To electric charges	2,400		
To directors fee	3,000		
To advertisement	6,000		
To salaries	18,000		
To commission	4,000		
To preliminary expenses	6,000		
To bad debts	3,000		
To net profit	32,600		
	<u>90,000</u>		<u>90,000</u>

Sales for the year totalled Rs. 2,25,000 out of which Rs. 1,50,000 relates to the period from 1<sup>st</sup> September 2008 to 31<sup>st</sup> March 2009.

Prepare a statement apportioning the profits between pre and post incorporation periods.

Or

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- (b) Write short notes on :

- Marked application
- Firm underwriting
- Unmarked application.

20. (a) From the following information calculate the value of goodwill on the basis of 3 years purchase of super profit

- Average capital employed in the business is Rs. 20,00,000
- Rate of interest expected from capital having regard to the risk involved is 10%
- Net trading profits of the firm for the past three years were Rs. 3,50,400, Rs. 2,80,300 and Rs. 3,10,100
- Fair remuneration to the partner of their service is Rs. 48,000 per annum.

Or

- (b) From the following information calculate the value per equity share

	Rs.
5,000; 8% preference shares of Rs. 100 each	5,00,000
75000 equity shares of Rs 10 each	
Rs. 8 per share paid up	6,00,000
Expected profits per year before tax	2,80,000

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