

Reg. No. : .....

**Code No. : 22168 E      Sub. Code : EMCO 31/  
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B.Com. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2024.

Third Semester

Commerce/Corporate Secretaryship/Professional  
Accounting/Banking and Finance/Banking and  
E-Commerce — Core

**CORPORATE ACCOUNTING — I**

(For those who joined in July 2023 onwards)

Time : Three hours

Maximum : 75 marks

**PART A — (10 × 1 = 10 marks)**

Answer ALL questions.

Choose the correct answer :

1. When share are forfeited, the share capital a/c is debited by \_\_\_\_\_
  - (a) Paid-up capital
  - (b) Called-up amount
  - (c) Calls-in-arrear
  - (d) Nominal value of such shares

20. (a) Describe the significance of Accounting Standards.

Or

- (b) Explain about Ind AS7 and Ind AS16.

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2. The excess price received on the par value of shares should be credited to
- (a) Calls in advance A/c
  - (b) Reserve Capital A/c
  - (c) Security Premium A/c
  - (d) None of these
3. Redeemable preference shares can be redeemed out of
- (a) Sale proceeds of investment
  - (b) The proceeds of a fresh issue of shares
  - (c) Share premium
  - (d) The proceeds of issue of debentures
4. Debentures are shown in the balance sheet under the head
- (a) Unsecured loans
  - (b) Current liabilities
  - (c) Secured loans
  - (d) Share capital

5. The amount set aside to meet the loss of bad debts is a \_\_\_\_\_
- (a) Reserve
  - (b) Liability
  - (c) Contingent liability
  - (d) Provisions
6. The net profit available for dividend distribution is called \_\_\_\_\_
- (a) Net profit
  - (b) Surplus
  - (c) Divisible profit
  - (d) Capital profit
7. Super profit is \_\_\_\_\_
- (a) Excess of average profit over normal profit
  - (b) Extra profit earned
  - (c) Average profit earned by similar companies
  - (d) None of the above
8. If the super profits the business are Rs.6,000 and the normal rate of profit is 10% , then the amount of goodwill as per the capitalisation method will be
- (a) Rs.60,000
  - (b) Rs.600
  - (c) Neither (a) nor (b)
  - (d) None of the above



9. Disclosure of Accounting Policies is dealt in

- (a) Ind AS-2                      (b) Ind AS-1  
(c) Ind AS-7                      (d) Ind AS-8

10. Business combination is dealt in

- (a) Ind AS-38                      (b) Ind AS-16  
(c) Ind AS-103                      (d) Ind AS-8

PART B — (5 × 5 = 25 marks)

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

11. (a) X limited forfeited 100 shares of Rs. 10 each fully called up from Mr.Y. Mr.Y has paid on application money of Rs. 3 per share and allotment money of Rs. 2 per share. Out of the forfeited shares, 80 shares were reissued to Mr. Z at Rs. 8 per share as fully paid up. Pass necessary journal entries.

Or

- (b) A company issued 30,000 shares of Rs.10 each for public subscription. The issue was underwritten as follows:

P-30%; Q-30% and R -20%

The company received a total number of 25,000 applications of which marked applications were as follows:

P-7,500 shares; Q-7,500 shares and R-5,000 shares.

Determine the liability of each of the underwriter.

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12. (a) A company wishes to redeem its preference shares amounting to Rs. 1,00,000 at a premium of 5%. For this purpose, it issues 5000 equity shares of Rs.10 each at a premium of 5%. The company has also balance of Rs. 1,00,000 on general reserve and Rs. 50,000 on profit and loss account. Give journal entries to record the above transaction.

Or

- (b) Journalise the following :

- (i) Issue at par of 14% 100 debentures of Rs. 10 each, redeemable at par  
(ii) Issue at 10% discount, 15% 150 debentures of Rs.10 each, redeemable at par  
(iii) Issue at 10% premium, 16% 200 debentures of Rs.10 each, redeemable at par  
(iv) Issue at 10% discount, 15% 199 debentures of Rs. 10 each redeemable at a premium of 5%.

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13. (a) A company carried forward a balance of Rs. 30,000 in the profit and loss account from the year ended 31<sup>st</sup> March 2006. During the year it made a further profit of Rs.3,00,000. It was decided to carry out the following provisions.

- (i) Provision for taxation Rs. 1,50,000
- (ii) Dividend equalisation account Rs. 20,000
- (iii) Dividend on 8% preference shares of Rs.2,00,000
- (iv) Dividend at 15% on 30,000 equity shares of Rs.10 each fully paid.
- (v) General reserve Rs.35,000
- (vi) Corporate dividend tax @ 12% on dividend.

Give profit and loss appropriation account to this effect.

Or

- (b) Under what headings will you classify the following items while preparing balance sheet of a company?

- (i) Preliminary expenses
- (ii) Unclaimed dividend
- (iii) Bills payable
- (iv) Loose tools
- (v) Securities premium.

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14. (a) Total assets of a firm are Rs.8,40,000. The liabilities of the firm are Rs.4,40,000. Normal rate of return in this business is 12½% The firm earned a profit of Rs.64,000. Calculate goodwill, if it is to be valued at 2 years' purchase of super profit.

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
75,000 equity shares of Rs.10 each,	
Rs.8 per share paid up	6,00,000
Expected profits per year before tax	2,80,000
Rate of tax	50%
Transfer to general reserve every year	20% of the profit
Normal rate of earnings	10%

15. (a) What is IFRS? Explain its objectives.

Or

- (b) Explain Ind AS38 regarding intangible assets.

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PART C — (5 × 8 = 40 marks)

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

16. (a) M Ltd. issued a prospectus offering 10,000 equity shares of Rs. 20 each at Rs. 22 per share, payable as follows:

On application Rs. 3 per share

On allotment Rs. 8 per share (including premium)

On first call Rs. 6 per share

On final call Rs. 5 per share

Applications were received for 10,000 shares and all money on allotment, first call and final call were received except the final call amount on one holding of 400 shares. These shares were forfeited and 300 of these were subsequently reissued at Rs. 20 per share, fully paid up. Make the journal entries (including for cash).

Or

- (b) Define under writing. Explain its types.

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17. (a) On 30<sup>th</sup> June 2013, the balance sheet of Sandhya Ltd., stood as follows:

Liabilities	Rs.	Assets	Rs.
Equity share capital	10,00,000	Assets	14,00,000
Redeemable Pref.		Cash at Bank	5,00,000
Share Capital	4,00,000		
P & L A/c	3,00,000		
Sundry Creditors	2,00,000		
	<u>19,00,000</u>		<u>19,00,000</u>

On the above date, the preference shares had to be redeemed. For this purpose, 2,000 equity shares of Rs. 100 each were issued at Rs. 110. The company also issued 8% debentures totalling Rs. 3,00,000. The shares and debentures were immediately subscribed and paid for. The preference shares were duly redeemed. Give journal entries and the balance sheet after redemption.

Or

- (b) Briefly explain the various methods of redemption of debenture.

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18. (a) From the under mentioned Trial Balance of Barua Brothers Ltd., prepare a Trading and Profit and Loss A/c for the ended Dec.31, 2013 and the Balance Sheet as at that date :

Debit balance	Rs.	Credit Balance	Rs.
Opening Stock	30,000	Equity share	
Rent taxes	6,000	capital 1,000	
Purchase	60,900	share	
Wages	55,200	of Rs.100 each	1,00,000
Discount	1,500	5% Debentures	25,000
Fuel	2,570	Sales	1,75,000
Building	70,000	Creditors	8,000
Carriage inwards	1,175	Bank overdraft	12,000
Debtors	20,000	Discount	2,200
Goodwill	28,000	Transfer fee	100
Plant and machinery		Returns	100
		outwards	
	25,000		
Loose tools	6,000		
Advertisement	3,000		
General expenses	4,400		
Bad debts	1,030		

Debit balance	Rs.	Credit Balance	Rs.
Debenture interest			
(for half year)	625		
Miscellaneous			
expenses	3,000		
Insurance	1,000		
Cash	3,000		
	<u>3,22,400</u>		<u>3,22,400</u>

- (i) The authorised capital of the company is Rs. 2,00,000;
- (ii) Stock on Dec.31, 2013 is Rs. 2,00,000.
- (iii) Depreciate Plant & Machinery at 9% and revalue Tools at Rs. 4,100.
- (iv) Allow 2.5% discount on debtors and 2% as bad debts reserve.

Or

- (b) Explain the provisions relating to ascertaining profit for managerial remuneration.



19. (a) The following is the balance sheet of A Ltd. as on December 31, 2014 :

Liabilities	Rs.	Assets	Rs.
Share capital : 10,000 shares of of Rs.5 each		Land and building Plant and machinery	30,000  30,000
General reserve	15,000	Trade marks	5,000
Taxation reserve	10,000	Stock	12,000
Workmen's saving account	7,500	Debtors Cash at bank	20,000 15,000
Creditors	24,500	Preliminary expenses	 3,000
Profit and loss account	<u>8,000</u>		<u>          </u>
Total	<u>1,15,000</u>	Total	<u>1,15,000</u>

The Land and Buildings have been valued at Rs. 65,000 and the Plant and Machinery is worth Rs. 25,000. Debtors to the extent of Rs. 2,000 are to be considered as bad. The profits of the company for the last three years have been as follows:

2012-Rs. 22,000; 2013 -Rs. 23,000; and 2014 - Rs. 26,000.

It is the company practice to transfer 25% of profits to reserve. Ignoring taxation, find out the value of the shares. Similar companies give a yield of 10% on the market value of their shares. Goodwill may be taken to be of the value of Rs. 40,000. Compute yield value of equity share.

Or

- (b) 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 profit 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 partners for their service is Rs.48,000 per annum
  - Sundry assets of the firm are Rs.23,50,400 and current liabilities are Rs.95,110.

