Reg. No. | | | | | | | | |

G. VENKATASWAMY NAIDU COLLEGE (AUTONOMOUS), KOVILPATTI – 628 502.

UG DEGREE END SEMESTER EXAMINATIONS - NOVEMBER 2024.
(For those admitted in June 2021 and later)

PROGRAMME AND BRANCH: B.COM.,

SEM	CATEGORY	COMPONENT	COURSE CODE	COURSE TITLE
V	PART - III	CORE	U21CO510	CORPORATE ACCOUNTING - I

Date & Session: 05.11.2024/FN **Time : 3 hours** **Maximum: 75 Marks**

Course Outcome	Bloom's K-level	Q. No.	**SECTION – A (10 X 1 = 10 Marks)** Answer ALL Questions.
CO1	K1	1.	The rate of discount shares cannot exceed ________. a) 3% b) 5% c) 6% d) 10%
CO1	K2	2.	Debentures holders are the ___________. a) Customers of the company b) Creditors of the company c) Owners of the company d) Secretary of the company
CO2	K1	3.	Carriage outwards is shown in the statement of profit and loss under. a) Employees benefit expenses b) Other expenses c) Finance costs d) Revenue from operations
CO2	K2	4.	Dividend is paid on __________. a) Authorised capital b) Issued capital c) Paid up capital d) called up capital
CO3	K1	5.	Accounting standard for amalgamation is ____________. a) AS – 20 b) AS – 14 c) AS – 8 d) AS – 3
CO3	K2	6.	When the purchasing company makes a payment of the purchase consideration, it debits ____________. a) Business purchase a/c b) Assets a/c c) Vendor a/c d) Purchasing company a/c
CO4	K1	7.	Pre – incorporation profit is credited to __________. a) Capital reserve b) Revenue reserve c) General reserve d) Secret reserve
CO4	K2	8.	Gross profit is to be apportioned between pre and post incorporation periods in _______. a) Time ratio b) Adjusted time ratio c) Sales ratio d) Capital ratio
CO5	K1	9.	Goodwill is ____________. a) tangible asset b) an intangible asset c) fictitious asset d) current asset
CO5	K2	10.	For calculating the value of an equity share by yield method, it is essential to know ____________. a) Normal rate of return b) Expected rate of return c) Net assets d) Internal rate of return
Course Outcome	**Bloom's K-level**	**Q. No.**	**SECTION – B (5 X 5 = 25 Marks)** Answer ALL Questions choosing either (a) or (b)
CO1	K3	11a.	A Limited company issued share of Rs.100 each payable as Rs.20 on

			application, Rs.30 on allotment and Rs.50 on final call. All the shares were taken up by public and all moneys due were received. Give Journal entries.
CO1	K3	11b.	**(OR)** Distinguish between debentures and shares.
CO2	K3	12a.	From the following balances, prepare the Balance sheet of a company in the prescribed format. Goodwill Rs.1,50,000; Inventories Rs.2,00,000; Share capital Rs.5,00,000; Reserves Rs.1,10,000; Securities premium Rs.15,000; Preliminary expenses Rs.10,000; Profit &Loss a/c (Cr) Rs.25,000; Debentures Rs.2,50,000. Other fixed assets Rs.4,70,000; Stock Rs.80,000; Debtors Rs.60,000; Bank balance Rs.30,000; Unsecured loan Rs.65,000; Sundry Creditors Rs.35,000. **(OR)**
CO2	K3	12b.	From the following particulars, Prepare a statement of profit and loss for the year ended 31^{st} December 2020. **Rs.** Sales 3,00,000 Purchases 1,95,000 Salaries 15,000 Selling expenses 3,000 Depreciation 1,500 Director's Remuneration 1,750 Debenture interest 1,090 Rent, Rates & Taxes 5,500 Advertisement 500 Audit fees 1,500
CO3	K4	13a.	Explain the term amalgamation, absorption and reconstruction. **(OR)**
CO3	K4	13b.	The company B takes over the business of company A. The value agreed for various assets is goodwill Rs.22,000; Land and Buildings Rs.25,000; Plant & Machinery Rs.24,000; Stock Rs.13,000; Debtors Rs.8,000. B company does not take over cash but agrees to assume the liability of sundry creditors at Rs.5,000. Calculate purchase considered.
CO4	K4	14a.	Discuss the treatment of the following items with appropriate reasons, while ascertaining profit prior to incorporation. i) Salaries; ii) Depreciation; iii) Directors fees; iv) Audit fees; v) Debenture interest. **(OR)**
CO4	K4	14b.	A Ltd. was formed on 1-7-2017 to acquire the business of A & Co. with effect from 1-1-2017. When the company's first accounts were prepared on 31-12-2017 the following were noticed: i) Sales for the year 2017 Rs.6,00,000 ii) Sales in January, February, April and May were only 50% of the annual average. Sales of August, September and December were twice the annual average. Calculate time and sales ratio.
CO5	K5	15a.	A firm earned net profits during the last three years as follows: **Rs.** I year - 36,000 II year - 40,000 III year - 44,000 The capital investment of the firm is Rs. 1,00,000. A fair return on the capital, having regard to the risk involved, is 10 %. Calculate the value of goodwill on the basis of 3 years' purchase of super profits. **(OR)**
CO5	K5	15b.	From the following particulars, calculate the value per equity share:

			Rs. 2,000, 9% preference shares Rs.100 each 2,00,000 50,000 equity shares of Rs.10 each Rs.8 per share paidup 4,00,000 Expected profits per year before tax 2,18,000 Rate of tax 50% Transfer to General reserve every year 20% of the profit Normal rate of earning 15%

Course Outcome	Bloom's K-level	Q. No.	**SECTION – C (5 X 8 = 40 Marks)** **Answer ALL Questions choosing either (a) or (b)**
CO1	K3	16a.	X Ltd. invited applications for 10,000 shares of Rs.100 each at a discount of 6% payable as follows: On application Rs.25 On allotment Rs.34 On first call and final call Rs.35 The application received were for 9,000 shares and all of these applications were accepted. All moneys due were received except the first call and final call on 100 shares which were forfeited. 50 shares were reissued at Rs.90 as fully paid. Pass Journal entries in the Journal of the company. **(OR)**
CO1	K3	16b.	A Ltd. issued 2000, 8% debentures of Rs.100 each. Give journal entries under the following situations. i) Issued at par ii) Issued at a discount of 10% iii) Issued at a premium of 10%
CO2	K4	17a.	The following balances appear in the books of Arun Ltd. after the preparation of profit and Loss account for the year ended 31st March 2023: **Particulars** — **Rs.** — **Particulars** — **Rs.** Paidup share capital in 50,000 Shares of Rs.10 each 5,00,000 — Debtors 2,84,000 P&L a/c balance on 1.4.2022 52,000 — Cash at Bank 22,000 Profit for the current year 1,28,000 — Prepaid expenses 28,000 Bank Loan 1,64,000 — General reserve 1,00,000 Bills payable 32,000 — Stock 5,80,000 Sundry creditors 1,76,000 — Land & Buildings 1,82,000 Plant & Machinery 58,000 — Unclaimed dividend 2,000 The board of directors recommended the following appropriations: i) Transfer to General reserve Rs.60,000 ii) Proposed dividend Rs.50,000 Authorised capital is 1,00,000 shares of Rs.10 each Prepare Balance sheet in accordance with schedule VI of the Companies Act. **(OR)**
CO2	K4	17b.	From the following balances, prepare statement of profit and loss of ABC Co. Ltd. for the year ended 31.3.2018 **Rs.** Opening stock 60,000 Purchases 2,10,000 Sales 3,25,000 Wages 60,000 Discount allowed 5,200 Depreciation 5,000 Salaries 19,500 General expenses 9,950

			Printing 3,400 Rent 4,000 Discount received 2,150 Interest received 1,000 Additional information: i) Closing stock Rs.2,11,500 ii) A tax provision of Rs.6,000 is considered necessary. iii) An amount of Rs.1,500 is due for salary.
CO3	K4	18a.	A Company and B company whose businesses are of similar nature, decided to amalgamate and a new company called AB company Ltd. is formed to take over their assets and liabilities. The following are their Balance Sheets.
CO3	K4	18b.	White Ltd agreed to acquire the business of Green Ltd.as on 31st December 2021. The balance sheet of Green Ltd. on that date was as follows:
CO4	K5	19a.	B Ltd was incorporated on 30th June 2003 to take over the business of J.Ltd as from 1st January 2003. The financial accounts of the business for the year ended 31st December 2003 disclosed the following information.

18a.

Balance sheet as on 31st December 2021.

Particulars	A Co. (Rs.)	B Co. (Rs.)	Particulars	A Co. (Rs.)	B Co. (Rs.)
Share capital:			Goodwill	30,000	20,000
7,500 shares of			Plant	18,300	13,450
Rs.10 each	75,000	--	Land	10,000	--
4,550 shares of			Stock in trade	16,000	11,550
Rs.10 each	---	45,500	Sundry		
Sundry			debtors	7,500	6,000
creditors	3,300	2,000	Cash	1,500	1,000
Reserves	4,200	--			
P & L a/c	800	4,500			
	83,300	**52,000**		**83,300**	**52,000**

Assuming that the assets and liabilities are worth at their book values. Pass necessary journal entries in the books of the AB Company.

(OR)

18b.

Liabilities	Rs.	Assets	Rs.
Share capital in fully paid:		Goodwill	1,00,000
Shares in Rs.10 each	8,00,000	Land, Building	
General reserve	1,70,000	and Plants	6,40,000
Profit and loss	1,10,000	Stock	1,68,000
6% debentures	1,00,000	Debtors	36,000
Creditors	20,000	Cash	56,000
	10,00,000		**10,00,000**

The consideration payable by White Ltd. was agreed as follows:

a) A cash payment equivalent to Rs.2.50 paise for every Rs.10 share in Green Ltd.
b) The issue of 90,000 Rs.10 shares fully paid in White Ltd. having and agreed value of Rs.15 per share
c) The issue of such an amount of fully paid 5% Debenture of White Ltd at 96% as is sufficient to discharge the 6% debentures of Green Ltd. at a premium of 20%. The directors of White Ltd. valued land and buildings and plant in Rs. 8,50,000 and created 5% provision on debtors. Expenses of liquidation Rs.6,000 were paid by White Ltd. Prepare necessary ledger accounts in the books of Green limited.

19a.

	Rs.	Rs.
Sales:		
January to June	1,20,000	
July to December	1,80,000	3,00,000
Less : Purchases:		

			January to June 75,000 July to December 1,20,000 1,95,000 **Gross profit** 1,05,000 Less : Salaries 15,000 Selling expenses 3,000 Depreciation 1,500 Directors Remuneration 750 Debentures interest 90 Administration expenses (Rent, Rates etc..) 4,500 24,840 Profit for the year 80,160 You are required to prepare a statement apportioning the balance of profit between the period prior to and since incorporation and show the profit and loss appropriation account for the year ended 31st December 2003. **(OR)**
CO4	K5	19b.	Mahe Ltd., was incorporated on 1.7. 2018 which took over the business of Kannan with effect from 1.1.2016. The sales for the period upto 30.6.2016 was Rs.2,50,000 and thereafter upto 31.12.2016 was Rs. 3,50,000. Gross profit for the year ended 31.12.2016 was Rs.1,80,000. The expenses debited to Profit & Loss a/c were as follows: Salary Rs.15,000; Rent Rs.9,000; Directors fees Rs.13,000; Discount on sales Rs.6,000; Interest on Debentures Rs.6,000; Bad debts Rs.4,800. Ascertain the Profit prior to and after incorporation
CO5	K5	20a.	The following information is given: a) Capital employed Rs.1,50,000 b) Normal rate of profit 10% c) Present value of annuity of Re.1 for 5 years at 10% 3.84. d) Net profit for 5 years: I year Rs. 14,400 II year Rs. 15,400 III year Rs. 16,900 IV year Rs. 17,400 V year Rs. 17,900 The profits include non-recurring profits on an average basis of Rs. 1,000 out of which it was assumed that even non recurring profits has tendency of appearing at the rate of Rs.600 per annum. You are required to calculate goodwill: i) As per annuity method ii) As per five years purchase of super profit iii) As per capitalization of super profit. **(OR)**
CO5	K5	20b.	On 31st December 2016 the Balance sheet of a limited company disclosed the following position: **Liabilities** **Rs.** **Assets** **Rs.** Share capital (Rs.10 shares) 4,00,000 Fixed assets 5,00,000 Reserve 90,000 Current assets 2,00,000 Profit & Loss a/c 20,000 Goodwill 40,000 5% Debentures 1,00,000 Current Liabilities 1,30,000 **7,40,000** **7,40,000** On 31st December 2016 the fixed assets were independently valued at Rs. 3,50,000 And the Goodwill at Rs.50,000. The Net profit for the three years: 2014 – Rs.51,600; 2015 – Rs.52,000; 2016 – Rs.51,650 of which 20% as transferred to reserve. The return on investment expected is 10%.. Compute company's share value by i) Net assets method and ii) Yield method