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., PROFESSIONAL ACCOUNTING

SEM	CATEGORY	COMPONENT	COURSE CODE	COURSE TITLE
V	PART - III	CORE	U21PA510	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.	Issued capital means ______________. a) Authorized capital - Subscribed capital b) Authorized capital - unissued capital c) Authorized capital - paid up capital d) Authorized capital - called up capital
CO1	K2	2.	Share allotment is a ____________. a) Personal A/c b) Real A/c c) Nominal A/c d) Impersonal A/c
CO2	K1	3.	Marked applications refer to __________. a) Application bearing the stamp of the underwriters b) Application carrying the signature of the public who applied for shares c) Application carrying the stamp of the company which offered the shares. d) None of the above.
CO2	K2	4.	Bad debts recovered which were written off before the purchase of the business should be _________. a) Divided in Time Ratio b) Divided in Sales Ratio c) Posted in Pre-incorporation d) Posted in post-incorporation
CO3	K1	5.	………… may be described as the aggregate of those intangible attributes of a business which contribute to its superior earning capacity over a normal return on investment. a) Image of firm b) Goodwill c) Work quality d) Value
CO3	K2	6.	As per the valuation of equity shares based on the price-earnings ratio, the shares are valued on the basis of ______________ multiplied by the price-earnings ratio. a) Dividend per share b) Earnings per share c) Bonus per share d) Interest per share
CO4	K1	7.	When a company is internally reorganized without liquidation, it is termed as _______. a) Amalgamation b) Absorption c) External reconstruction d) Internal reconstruction
CO4	K2	8.	Which of the following methods is NOT commonly used for accounting for amalgamation? a) Purchase method b) Pooling of interest's method c) Liquidation method d) Merger method
CO5	K1	9.	As per Schedule III of the Companies Act, 2013, which of the following is NOT a part of the Balance Sheet format? a) Shareholders' Equity b) Non-current Assets c) Non-operating Income d) Current Liabilities

<table>
<tr><td>CO5</td><td>K2</td><td>10.</td><td>What is the maximum percentage of net profits that can be paid as managerial remuneration to all directors collectively, without requiring central government approval?
a) 10%   b) 11%   c) 12%   d) 15%</td></tr>
<tr><td>Course Outcome</td><td>Bloom's K-level</td><td>Q. No.</td><td><u>SECTION – B</u> (5 X 5 = 25 Marks)
Answer <u>ALL</u> Questions choosing either (a) or (b)</td></tr>
<tr><td>CO1</td><td>K3</td><td>11a.</td><td>The Full Health Care Ltd has offered to the public for subscription of 20000 shares of Rs 100 each payable as Rs 30 per share on application, Rs 30 per share on allotment, and the balance on call. Applications were received for 30000 shares. Applications for 5000 shares were rejected altogether and application money was returned. The remaining applicants were allotted the offered shares. Their excess application money was adjusted towards some due on allotment. Calls were made and duly received. Prepare journal entries in the books of the company.</td></tr>
<tr><td>CO1</td><td>K3</td><td>11b</td><td>(OR)
Write the Forfeited Shares and reissue of share.</td></tr>
<tr><td>CO2</td><td>K3</td><td>12a.</td><td>Write a note on underwriting and explain the different methods of underwriting.
(OR)</td></tr>
<tr><td>CO2</td><td>K3</td><td>12b.</td><td>A company was incorporated on 1st May 2004 to take over a business as a going concern from 1st January of the same year. The turnover for the year ended 31st December was Rs.2,00,000, namely Rs.60,000 for the first period up to 1st May and Rs.1,40,000 for the following period. From the profit and loss account given below for the year ended 31st December 2004, you are required to calculate profits prior to incorporation.</td></tr>
<tr><td>CO3</td><td>K4</td><td>13a.</td><td>Examine the various factors affecting the value of goodwill.
(OR)</td></tr>
<tr><td>CO3</td><td>K4</td><td>13b.</td><td>The issued share capital of the company was Rs. 10,00,000 consisting of 10,000 equity shares of Rs. 100 each. The net profits for the last 5 years were: Rs. 1,00,000; Rs. 80,000; Rs. 1,20,000; 1,60,000; and Rs. 1,40,000 of which 20% was placed to reserve, this proportion being considered reasonable in the industry in which the company is engaged and where a fair investment return may be taken at 12%.
Discover the value of the company's share by the yield value method.</td></tr>
<tr><td>CO4</td><td>K4</td><td>14a.</td><td>Infer the purchase consideration and its types.
(OR)</td></tr>
<tr><td>CO4</td><td>K4</td><td>14b.</td><td>The following balances were extracted from the books of Anant Ltd. as of 31st March 2006.
<table>
<tr><td></td><td>Rs.</td><td></td><td>Rs.</td></tr>
<tr><td>Preliminary expenses</td><td>32,000</td><td>2,000 Equity shares of
Rs. 100 each</td><td>2,00,000</td></tr>
<tr><td>Patents</td><td>22,000</td><td>Debenture interest outstanding</td><td>3,000</td></tr>
<tr><td>Security premium</td><td>50,000</td><td>Property (at cost)</td><td>1,10,000</td></tr>
<tr><td>Goodwill</td><td>17,000</td><td>Depreciation thereon</td><td>20,000</td></tr>
<tr><td>Profit & Loss a/c (Dr. Balance)</td><td>85,800</td><td>Stock (31.3.2006)</td><td>15,000</td></tr>
<tr><td>Creditors</td><td>20,000</td><td>Machinery (at cost)</td><td>2,20,000</td></tr>
<tr><td>6% Debentures</td><td>50,000</td><td>Depreciation thereon</td><td>40,000</td></tr>
<tr><td>Share capital:
1,500 8% Cumulative Preference
Shares of Rs. 100 each</td><td>1,50,000</td><td>Debtors
Creditors</td><td>31,200
20,000</td></tr>
</table>
The following scheme of capital reduction was duly sanctioned by the court.
(1) Equity shares to be reduced by Rs. 90 each.
(2) Preference shares to be reduced to Rs. 90 each.
(3) The debenture holders to waive their right over outstanding interest.
(4) All credit balances not being the outside liabilities and all debit balances not being the amounts receivable as well as intangible assets are to be written off.
(5) Any balance available is to utilized in writing down the fixed assets in proportion to their written-down values.
You are required to prepare journal entries.</td></tr>
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CO5	K5	15a.	From the following particulars of Mituan Ltd. assess profit and loss accounts for the year ended 31st March 2019. Opening stock Rs. 20,000 Purchases Rs. 40,000 Wages Rs. 2,000 Salaries Rs. 3,000 Sales Rs. 75,000 Closing stock Rs. 15,000 General Expenses Rs. 600 Bad Debts Rs. 400 Commission received Rs. 850 Depreciation on furniture Rs. 1000 Interest on Debentures Rs. 800 **(OR)**
CO5	K5	15b.	From the following balances of Rai Ltd. Appraise balance sheet for the year ended 31st March 2019. Share capital (5000 Equity shares of Rs.10 each) Rs. 50,000 Reserve fund Rs. 30,000 Debentures Rs. 25,000 Creditors Rs. 5,000 Provision for taxation Rs. 3,000 Proposed Dividend Rs. 2,000 Furniture and fittings Rs. 35,000 Plant and Machinery Rs. 20,000 Goodwill Rs. 15,000 Investments in shares of Kamal Ltd Rs. 20,000 Stock in trade Rs. 18,000 Debtors Rs. 5,000 Cash in hand Rs. 2,000

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.	GRV Ltd. invited applications for issuing 2,00,000 Equity shares of Rs. 100 each at a premium of Rs. 10 per share. The amount was payable as follows: On application Rs. 40 per share (including premium), on allotment Rs. 30 per share, and the balance on the first and final call. Application for 3,00,000 shares was received. Application for 40,000 shares was rejected and pro-rata allotment was made to the remaining applicants. Overpayments on the application were adjusted towards sums due on allotment. Murali who was allotted 2,000 shares failed to pay the allotment and first and final call money. His shares were forfeited. The forfeited shares were reissued at Rs. 90 per share fully paid up. Give the necessary journal entries in the books of GRV Ltd. showing the work clearly. **(OR)**
CO1	K3	16b.	A Ltd invited application for 10000 shares of Rs.100 each at a discount of 5% payable as follows On application – Rs. 25 On application – Rs.34 On the first and final call –Rs.36 The applications were received for 9000 shares and all of these were accepted. All money due was received except the first and final call on 200 shares which were forfeited. 100 shares were reissued @ Rs.90 is fully paid. you are required to prepare journal entries for the above transactions.
CO2	K4	17a.	Delta Ltd. issued 25,00,000 equity shares of Rs. 10 each at par 7,00,000 shares were issued to the promoters and the balance offered to the public was underwritten by three underwriters P, Q, and R in the ratio of 2:3:4 with the firm underwriting of 50,000, 60,000 and 70,000 shares each respectively. Total subscription received 13,88,000 shares including marked applications and excluding firm underwriting, Marked applications were as follows: P – 3,00,000; Q – 3,50,000; and R – 4,50,000.

			Unmarked and surplus applications are to be distributed in gross liability ratio. Discover the liability of each underwriter.
CO2	K4	17b.	**(OR)**

Kamakshi Ltd. was incorporated on 1st March 2021 to acquire the business of Meenakshi from 1st January 2021. The purchase consideration was agreed at Rs.90,000 to be satisfied by the issue of equity shares of Rs.10 each, The following Trading and profit and loss account is presented to you

Trading, Profit & Loss A/c as on 31.12.2001

Particulars	Amt	Particulars	Amt
To Cost of Goods sold	1,16,100	By Sales	2,25,000
To Gross Profit	1,08,900		
	2,25,000		**2,25,000**
To Salaries	45,000	By Gross Profit	1,08,900
To Office expenses	3,750		
To Selling expenses	12,300		
To Carriage outwards	2,550		
To Rent and rates	3,000		
To Director's fees	5,025		
To Stationery	3,000		
To Interest on the purchase price	1,350		
To Net Profit	32,925		
	1,08,900		**1,08,900**

Additional Information

(a) Sales made after incorporation amounted to Rs.2,02,500

(b) The shares were issued to the vendors on 1.4.2021 to settle the purchase price.

(c) Interest on the purchase price was paid till the date of payment.

You are required to analyze the profit earned by the company, before and after incorporation.

CO3	K4	18a.	The following particulars are available in respect of the business carried on by a trader:

1. Profits earned for the years Rs.
   2017 – 18
2,00,000
   2018 – 19
2,40,000
   2019- 20
2,20,000
2. Normal rate of return 12%
3. Capital employed Rs. 12,00,000
4. Present value of an annuity of one rupee for 5 years at 10% = 3.78
5. The profit included non-recurring profit on an average basis of Rs. 3,000

You are required to analyze the value of goodwill:

(a) As per 5 years' purchase of Super profits.
(b) As per the Annuity Method.
(c) As per Capitalisation Method.

CO3	K4	18b.	**(OR)**

On 31st March 2018, the Balance sheet of Ajad Ltd. disclosed the following position:

Liabilities	Rs.	Assets	Rs.
Issued capital: Equity shares of Rs.10 each	4,00,000	Fixed Assets	5,00,000
Reserves	90,000	Current Assets	2,00,000
Profit and loss a/c	20,000	Goodwill	40,000
10% Debentures (of Rs.100 each)	1,30,000		
Current Liabilities	1,00,000		
	7,40,000		7,40,000

On 31.03.2018, the fixed assets were independently valued at Rs. 3,80,000 and the Goodwill at Rs. 50,000. The net profit for the three years was: 2015-16 Rs. 51,600; 2016-17 Rs. 52,000; 2017-18 Rs. 51,600 of which 20% was placed to Reserve, this proportion is considered reasonable in the industry to which the company is engaged and where a fair investment return may be taken at 10%. Discover the value of the company's shares by

1. Intrinsic Value Method, and 2. Yield Method. 3. Fair value method.

CO4	K5	19a.	**Following is the Balance Sheet of X Ltd. as at 31st March 2018**

Particulars	Rs.
I. EQUITY AND LIABILITIES	
(1) Shareholders Fund	
Share capital:	
Equity share capital (24,000 of Rs. 100 each)	24,00,000
10% Preference share capital (12,000 of Rs. 100 each)	12,00,000
Reserve and surplus:	
Profit and loss a/c (Dr.)	(14,00,000)
(2) Non-current liabilities (10% Debentures)	6,00,000
(3) Current Liabilities	
Trade payables (Trade creditors)	3,00,000
Other current Liabilities : (Bank overdraft)	6,00,000
Total	37,00,000
II ASSETS	
(1) Non-current assets	
Fixed assets:	
Tangible assets:	
Land & Building	12,00,000
Plant & Machinery	18,00,000
Intangible assets: (Goodwill)	90,000
Other Non-current assets (Preliminary expenses)	40,000
(2) Current Assets:	
Inventories : (stock in trade)	2,60,000
Trade receivables	2,80,000
Cash and cash Equivalents: (cash & bank Balance)	30,000
Total	37,00,000

On the above date, the company adopted the following scheme of reconstruction:
(i) The equity shares are to be reduced to share of Rs. 40 each fully paid and the preference shares to be reduced to fully paid shares of Rs. 75 each.
(ii) The debenture holders took over stock and debtors in full satisfaction of their claims.
(iii) The Land & Building to be appreciated by 30% and Plant & Machinery to be depreciated by 30%.
(iv) The fictitious and intangible assets are to be eliminated.
(v) Expenses of reconstruction amounted to Rs. 5,000.
Give journal entries incorporating the above scheme of reconstruction and prepare the reconstructed balance sheet.

(OR)

CO4	K5	19b.	Assess the different types of amalgamation. Compare and contrast internal reconstruction with external reconstruction.
CO5	K5	20a.	From the following balances and additional information for the year ended 31.03.2108, Appraise the final accounts in the books of a company.

Purchases	Rs. 9,25,000
Wages	Rs. 4,24,325
Manufacturing Expenses	65,575
Salaries	70,000
Bad Debts	10,550
General Expenses	84,175
Stock 01.04.17	3,75,000
Goodwill	1,00,000
Cash	2,28,250
Directors' fees	31,125
Debenture Interest	45,000
6% Debentures	15,00,000
Sales	20,75,000
Preliminary expenses	25,000
Calls in arrears	37,500
Machinery	15,00,000
Building	16,50,000

			Interim dividend 1,87,500 Furniture 35,000 Debtors 4,36,000 Capital 20,00,000 P/L account (cr) 72,500 Creditors 1,67,500 Bills payable 2,90,000 General reserve 1,25,000 Additional information i. Closing stock ----- Rs. 4,55,000/- ii. Depreciation – Machinery 10% iii. Write off Rs. 2500 from preliminary expenses iv. Provision for doubtful debts Rs. 4259/- **(OR)**
CO5	K5	20b.	From the following particulars of AVN Ltd., Assess the Balance Sheet as of 31st March 2020, as required by part I schedule III of the Companies Act, 2013:

Particulars		Dr.	Cr.
Equity share capital (Face value Rs.100 each)		-	50,00,000
Calls-in-Arrears		5,000	-
Land and Building		27,50,000	-
Plant and Machinery		26,25,000	-
Furniture		2,50,000	-
General reserve		-	10,50,000
Loan from state Financial Corporation		-	7,50,000
Stock: Raw material	2,50,000		
Finished goods	10,00,000	12,50,000	-
Provision for Taxation		-	3,40,000
Sundry Debtors		10,00,000	-
Advances		2,13,500	-
Dividend payable		-	3,00,000
Profit and Loss Account		-	5,00,000
Cash in Hand		1,50,000	-
Cash at Bank		12,35,000	-
Preliminary Expenses		66,500	-
Unsecured Loan		-	6,05,000
Sundry Creditors		-	10,00,000
Total		95,45,000	95,45,000

The following additional information is provided:
(i) Preliminary expenses included Rs. 25,000 for Audit Fees and Rs.3,500 for out-of-pocket expenses.
(ii) 10,000 Equity Shares were issued for consideration other than cash.
(iii) Debtors of Rs, 2,60,000 are due for more than 6 months.
(iv) The cost of the assets was:
Building Rs. 30,00,000
Plant and Machinery Rs. 35,00,000 and
Furniture Rs. 3,12,500.
(v) The balance of Rs. 7,50,000 in the loan account with State Financial Corporation is inclusive of Rs. 37,500 for Interest Accrued but not Due. The loan is secured by hypothecation of Plant and Machinery.
(vi) Balance at the Bank includes Rs. 10,000 with Idea Bank Ltd. which is not a Scheduled Bank.