



M 8793

Reg. No. :

Name :

Third Semester B.Com. Degree Examination, November 2010
BCOM (Core) (Course No. 3)
3B04COM : Corporate Accounting

Time : 3 Hours

Total Wt. : 30

PART – A

This Part consists of **two** bunches of questions carrying **equal** weightage of **one**.
Each bunch consists of **four** objective type questions :

Answer **all** questions :

- I. 1. Loss prior to incorporation is debited to _____
- a) Capital Account
 - b) Goodwill Account
 - c) Incorporation Expenses Account
 - d) None of these
2. Average profit minus normal profit is _____
- a) Super profit
 - b) Supreme profit
 - c) Abnormal profit
 - d) None of these
3. Provision for taxation is _____
- a) Debited to Trading A/c
 - b) Debited to P & L A/c
 - c) Debited to P & L Appropriation A/c
 - d) Shown in the asset side of Balance Sheet
4. Balance Sheet is prepared by a company to _____
- a) Check the arithmetical accuracy
 - b) Know the profitability
 - c) Ascertain the liquidity position
 - d) Ascertain the financial position

(W=1) (WGP=4×1×1=4)

P.T.O.



- II. 5. When two companies join together and form a new company, it is known as
- a) amalgamation
 - b) absorption
 - c) external reconstruction
 - d) internal reconstruction
6. Realisation A/c is prepared to know
- a) the amount realised
 - b) the profit on realisation
 - c) the amount realised and paid
 - d) the amount of purchase consideration
7. Tax due to Central Government is _____ on company liquidation.
- a) unsecured creditor
 - b) secured creditor
 - c) preferential creditor
 - d) trade creditor
8. In the case of banking companies assets which do not carry more than the normal risk attached to the business is called _____
- a) sub-standard asset
 - b) loss asset
 - c) doubtful asset
 - d) standard asset
- (W=1) (WGP= 4×1×1=4)**

PART – B

Answer **any eight** questions in **one or two** sentences each. Each question carries a weightage of **one** :

- 9. Define purchase consideration.
 - 10. What constitute the final account of a joint stock company ?
 - 11. What is annuity method of computing goodwill ?
 - 12. What is external reconstruction ?
 - 13. What do you mean by pooling of interest method ?
 - 14. What is statement of affairs in liquidation ?
 - 15. Define non-banking companies.
 - 16. What is NPA ?
 - 17. What is statutory reserve in banking companies ?
 - 18. What is meant by managerial remuneration ?
- (W=8×1=8) (WGP=8×4×1=32)**



PART – C

Answer **any six** questions. Answer **not** to exceed **one** page. **Each** question carries a weightage of **two** :

- 19. Explain the factors affecting goodwill of a company.
- 20. Distinguish between internal reconstruction and external reconstruction.
- 21. Give the proforma Balance Sheet of a banking company using imaginary figures.
- 22. Following is the Balance Sheet of Mr. Bose as on 31st March 2010 :

Bills payable	3,600	Cash	4,500
Creditors	6,400	Book-debts	7,500
Capital	1,32,000	Stock	35,000
		Machinery	50,000
		Buildings	45,000
	1,42,000		1,42,000

Viswas Ltd., is formed to take over the business on 1st April 2010 for a consideration of Rs. 2,20,000 payable in 20,000 equity shares of Rs. 10 each at a premium of 10%.

Give opening entries in the books of Viswas Ltd.

- 23. X Ltd., was incorporated on 1st April 2010, to take over the business of Mr. Raghavan with effect from 1st January 2010. X Ltd., prepared its first final accounts on 31st December 2010. Calculate the sales ratio from the following information :
 - 1) Sales of January – Twice the average sales
 - 2) Sales of February – Average sales
 - 3) Sales from May to August – 1/4th of average for each month
 - 4) Sales from October and November – 3 times the average sales for each month
 - 5) Sales for the year 2010 – Rs. 4,80,000.
- 24. A company earned profits of Rs. 8,000; Rs. 10,000, Rs. 12,000; and Rs. 18,000 during 2006, 2007, 2008 and 2009 respectively. The average capital investment of the company is Rs. 50,000. Pure rate of return on investment is 10% and risk premium expected is 5%. The landlord has decided to increase rent of building occupied by the company by Rs. 500 per annum.
Calculate goodwill based on (a) three years purchase of super profit method and (b) capitalisation method.



25. The following is the Balance Sheet of Abhay Ltd., as on 31-3-2010 :

14% Preference capital		Goodwill	1,80,000
4,000 shares of Rs. 100	4,00,000	Plant and Machinery	5,00,000
50,000 equity shares of Rs. 10	5,00,000	Stock	3,00,000
12% Debentures	1,00,000	Debtors	70,000
Creditors	2,00,000	Cash	20,000
		P & L A/c	1,30,000
	12,00,000		12,00,000

The following scheme was approved :

- To issue 15% Preference shares of Rs. 60 each for every 14% Preference shares of Rs. 100 each.
- To reduce equity shares by Rs. 4 each.
- To redeem 12% debentures of Rs. 1,00,000 by the issue of 14% debentures of Rs. 80,000 in full satisfaction.
- To write off P & L A/c, goodwill and write down plant and machinery by Rs. 60,000 and any balance left to be provided for doubtful debts.

Journalise.

26. Abuth Ltd., went into voluntary liquidation. The following are the details :

	Rs.
Assets realized	40,500
Liquidators remuneration	5,000
Unsecured creditors	20,000
Preferential creditors	500
Preference capital	20,000

Equity capital :

1000 shares of Rs. 10 each, Rs. 9 called up 9,000.

2000 shares of Rs. 10 each, Rs. 5 called up 10,000.

Show Liquidator's final statement of account.

(W=6×2=12) (WGP=6×4×2=48)



PART – D

Answer **any two**. Each question carries a weightage of **four**. Answer **not** to exceed **four** pages :

27. The following are the ledger balances of Manju Ltd., as on 31st March 2010 :

Debit :		Credit :	
Buildings	30,72,000	Equity capital	40,00,000
Plant	33,00,000	12% Debentures	30,00,000
Stock	7,50,000	P & L A/c	2,62,500
Debtors	8,70,000	B/P	3,70,000
Goodwill	2,50,000	Creditors	4,00,000
Bank balance	4,06,500	Sales	41,50,000
Calls-in-arrear	75,000	General reserve	2,50,000
Interim dividend	3,92,500	Bad-debts provisions	35,000
Purchases	18,50,000		
Preliminary expenses	50,000		
Wages	9,79,800		
Salaries	2,02,250		
Office expenses	68,350		
Bad-debts	21,100		
Debenture interest	1,80,000		
	1,24,67,500		1,24,67,500

Additional information :

- 1) Closing stock 9,50,000.
- 2) Depreciate plant by 15%.
- 3) Write off preliminary expenses Rs. 5,000.
- 4) Provide half year's debenture interest due.
- 5) Maintain a provision for doubtful debts @ 5%.
- 6) Provide for taxation Rs. 1,80,000.

Prepare final accounts.



28. Following is the Balance Sheet of Best Ltd., as on 31-3-2010 :

Preference capital (50,000×10)	5,00,000	Plant and Machinery	5,00,000
Equity capital (1,00,000×10)	10,00,000	Land and Buildings	10,00,000
Profit and Loss A/c	2,00,000	Investments	2,00,000
General reserve	3,00,000	Stock	3,00,000
Debentures	2,00,000	Debtors	4,00,000
Creditors	3,00,000	Bank	90,000
		Cash	10,000
	25,00,000		25,00,000

Best Ltd. is absorbed by Excel Ltd. on the following terms :

- 1) Equity shares are to be discharged at 6% premium by issuing equity shares in Excel Ltd. of Rs. 10 each.
- 2) Nine Preference shares in Excel Ltd. to be issued for five preference shares in Best Ltd.
- 3) Stock is not taken over by Excel Ltd. and it realised Rs. 1,00,000.

Show :

- a) Realisation A/c and
- b) Equity Shareholders A/c in the books of Best Ltd.

29. The following are the figures extracted from the books of Southern Bank Ltd. as on 31-3-2010 :

Interest and discount received	12,50,000
Interest paid on deposits	6,50,000
Commission, exchange and brokerage	2,40,000
Rent received	40,000
Profit on sale of investments	20,000
Loss on sale of investments	5,000
Salaries and allowances	3,60,000
Directors fees and allowances	30,000



Rent and taxes paid	24,000
Printing and stationary	12,000
Postage and telegram	5,000
Other expenses	4,000
Audit fees	18,000
Balance of profit as on 1 st April 2009	2,40,000

Other information :

- 1) Provide Rs. 15,000 for doubtful debts.
- 2) Provide Rs. 60,000 for taxation.
- 3) Rebate on bills discounted as on 31-3-2010 Rs. 40,000.
- 4) Provide dividend Rs. 1,00,000.

Prepare P & L A/c with necessary schedules.

(W=2×4=8) (WGP=2×4×4=32)
