



M 11154

Reg. No. :

Name :

III Semester B.A./B.Sc./B.Com./B.B.A./B.B.A. T.T.M./B.B.M./B.C.A./B.S.W.
Degree (CCSS-Reg./Supple.) Examination, November 2011
CORE COURSE IN COMMERCE
3 B04 COM : Corporate Accounting

Time: 3 Hours

Max. Wt. : 30

PART – A

This part consist of **two** bunches of questions carrying **equal** weightage of **one**.
Each bunch consists of **four** objective type questions. Answer **all** questions

I. 1. Average profit minus normal profit is _____

- a) abnormal profit b) supreme profit
c) super profit d) none of these

2. Loss prior to incorporation is debited to _____ A/c

- a) Goodwill b) Capital
c) Drawings d) P and L A/c

3. Transfer to general reserve is shown on the debit side of _____

- a) P and L A/c b) Balance Sheet
c) Trading A/c d) Profit and Loss Appropriation A/c

4. Amalgamation in the nature of merger is also known as _____ method.

- a) Pooling of interest b) Purchase
c) Reconstruction d) Pooling of management

(W=1)

P.T.O.



- II. 5. The balance in Capital Reduction A/c is transferred to
- a) Capital
 - b) Capital Reserve
 - c) General Reserve
 - d) Deferred revenue expenditure
6. The following is not an example of Preferential Creditors
- a) taxes
 - b) wages
 - c) accrued holiday remuneration
 - d) rent
7. NPA means _____
- a) Non-Preferential Asset
 - b) Non-Profitable Asset
 - c) Non-Participating Asset
 - d) Non-Performing Asset
8. There are _____ schedules attached to the Profit and Loss A/c of a Banking Company.
- a) 6
 - b) 4
 - c) 3
 - d) 8
- (W=1)

PATR – B

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

- 9. What constitutes the final accounts of a Company ?
- 10. What is annuity method of computing Good will ?
- 11. Define amalgamation.
- 12. What is external reconstructions ?
- 13. What do you mean by winding up of a Company ?
- 14. What is slip system of posting in banks ?
- 15. What is non-banking Asset ?
- 16. What is deficiency A/c ?



- 17. What do you mean by managerial remuneration ?
- 18. What is Statutory Reserve in banking companies ? (W=8×1=8)

PATR – C

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

- 19. Define Purchase Consideration. Explain the methods of computing Purchase Consideration.
- 20. Give the form of the Balance Sheet of a Banking Company.
- 21. Explain the factors affecting Goodwill of a Company.
- 22. State the conditions to be satisfied to constitute “amalgamation in the nature of merger”.
- 23. Mr. Nazir who desired to invest in equity shares of a company seeks you advice as to the valuation of goodwill of the company at 3 years purchase of super profits. The following information is available :

6% preference shares of Rs. 100 each 5,50,000

Equity shares of Rs. 10 each 3,50,000

Average net profit is 75,000. Expected normal yield is 8% in the case of equity shares. It is observed that there is an appreciation in the value of assets by Rs. 70,000.

Calculate the value of Goodwill.

- 24. From the following information, find out the amount of provision to be shown in the P and L A/c of a bank.

Assets :

Standard	8,00,000
Sub-standard	6,00,000
Doubtful :	
for one year	1,00,000
for three years	1,60,000
for more than three years	40,000
Loss assets	1,20,000



25. Sony Ltd. was registered with a capital of Rs. 10,00,000 consisting of 50,000 Equity shares of Rs. 10 each and 50,000 8% Preference shares of Rs. 10 each. It purchased the going concern of M/S A and C for Rs. 2,50,000 on the basis of the following Balance Sheet :

Balance Sheet of A and C

Bills Payable	19,000	Bank	4,000
Creditors	80,000	Bills Receivable	5,000
Capital	2,20,000	Debtors	50,000
		Stock	70,000
		Furniture	10,000
		Plant	1,20,000
		Land and Buildings	60,000
	3,19,000		3,19,000

The purchase price is to be paid Rs. 50,000 in equity shares Rs. 50,000 in preference shares, Rs. 50,000 in 10% Debentures and the balance in cash.

Give journal entries in the books of Sony Ltd. recording acquisition of business.

26. A company was incorporated on 30th June 2009, to acquire the business of Mohan with effect from 1st January 2009. The accounts for the year ended 31st December 2009 disclosed the following :

- 1) There was a gross profit of Rs. 2,40,000.
- 2) Sales for the year amounted to Rs. 12,00,000 of which Rs. 5,40,000 were for the first six months.



3) The expenses debited to Profit and Loss a/c included directors fees Rs. 15,000; Bad-debts Rs. 3,600; Advertising Rs. 12,000 (under a contract at Rs. 1,000 per month), Salaries Rs. 64,000; Preliminary expenses written off Rs. 5,000 and Donation to Political Parties by the Company Rs. 5,000.

Compute profit before and after incorporation.

(W=6×2=12)

PART – D

Answer **any two**. Each question carries a weightage of **four**.

27. The following is the Trial Balance of Harilal Ltd. as on 31st March 2010

Debit Balances		Credit Balances	
Calls in Arreass	6,400	Equity Share Capital	1,00,000
Land and Buildings	35,000	Sales	80,000
Plant and Machinery	15,000	Provision for Bad-debts	1,400
Furniture	3,200	Purchase returns	3,400
Carriage Inwards	2,300	Creditors	13,200
Wages	22,100	Securities Premium	6,000
Salaries	4,600	General Reserve	24,000
Sales Returns	1,700		
Bank Charges	100		
Rates and Taxes	800		
Purchases	50,000		
Bills Receivable	1,200		
General Expenses	1,900		



Debtors	42,800	
Opening Stock	25,000	
Fire Insurance	400	
Bank	15,500	
	2,28,000	2,28,000

- Closing Stock Rs. 30,000.
- Provide depreciation on Plant and Machinery Rs. 2,445.
- Make a Reserve for Doubtful Debts @ 5%
- Fire Insurance unexpired Rs. 120
- Outstanding Wages Rs. 3,200 and salaries Rs. 700

Prepare final accounts.

28. On 1st January 2010, A Ltd. and B Ltd. were amalgamated into C Ltd. on the basis of the following Balance Sheets and Other Informations :

	A Ltd.	B Ltd.		A Ltd.	B Ltd.
Equity capital (10)	2,24,000	1,75,000	Goodwill	80,000	32,000
Creditors	5,000	6,000	Premises	50,000	60,000
General Reserve	8,000	12,000	Plant	41,000	10,000
Profit for 2009	11,000	4,000	Stock	42,000	33,000
			Debtors	23,000	40,000
			Cash	12,000	22,000
	2,48,000	1,97,000		2,48,000	1,97,000



It was agreed that in respect of both the companies 10% should be written off premises and 5% be provided for doubtful debts. Goodwill is to be valued at 3 years purchase of the last two years' average profits. The profits of A Ltd. and B Ltd. for 2008 were 13,000 and 6,000 respectively.

The purchase price is discharged in equity shares of Ltd.

Show :

- 1) Opening entries in the books of C Ltd.
- 2) Opening balance sheet of C Ltd.

29. Prabhath Ltd. which had a paid up share capital of Rs. 5,00,000 went into liquidation on 31st March 2010. The following are the particulars of its assets and liabilities as on that date :

Machinery, Stock and Debtors (which realised their book values) Rs. 3,95,000; Cash 5,000; Creditors Rs. 2,00,000; 6% Debentures carrying a floating charge Rs. 2,50,000 and interest accrued there on for six months.

The debentures were paid off with interest upto 30th September 2010. Creditors for Rs. 25,000 were preferential and the balance unsecured. The liquidator is entitled to a remuneration of 3% of the amount realised (excluding cash) and 2% of the amount paid to unsecured creditors. (excluding preferential creditors). Cost of liquidation of Rs. 2,500. Prepare Liquidator's Final Statement of Account.

(W=2×4=8)
