



M 5179

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./  
B.A. Afsal-UI-Ulama Degree (CCSS – Regular/Supple./Improvement )

Examination, November 2013

(2011 and Earlier Admn.)

CORE COURSE IN COMMERCE

3B04 COM : Corporate Accounting

Time : 3 Hours

Max. Weightage : 30

PART – A

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

I. Answer **all** questions.

- 1) The maximum managerial remuneration payable by a company is \_\_\_\_\_
  - a) 11%
  - b) 7%
  - c) 14%
  - d) 20%
- 2) Calls in arrears of a company is \_\_\_\_\_
  - a) Debited to P and L A/c
  - b) Credited to P and L A/c
  - c) Deducted from called up capital in the Balance Sheet
  - d) Added to called up capital in the Balance Sheet
- 3) The following is not a method of calculating purchase consideration is
  - a) Net asset method
  - b) Net payment method
  - c) Pooling of interest method
  - d) Intrinsic value of shares method

P.T.O.



- 4) Realisation A/c is prepared to know
- a) The amount payable to transferor company
  - b) The profit or loss on sale of business
  - c) The amount realisation from transferee company
  - d) The cost of realisation on sale and purchase (W = 1)
- II. 5) X Ltd. and Y Ltd. join together to form XY Ltd. This is a case of \_\_\_\_\_
- a) Amalgamation
  - b) Absorption
  - c) Internal reconstruction
  - d) External reconstruction
- 6) The balance in Capital Reduction A/c is transferred to \_\_\_\_\_
- a) Capital A/c
  - b) General Reserve A/c
  - c) Capital Fluctuation A/c
  - d) Capital Reserve A/c
- 7) Example of Preferential creditors is \_\_\_\_\_
- a) Taxes
  - b) Cesses
  - c) Revenue to Government
  - d) All of these
- 8) There are \_\_\_\_\_ schedules attached to the Balance Sheet of a Banking Company.
- a) 10
  - b) 4
  - c) 12
  - d) 13 (W = 1)

## 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 do you mean by managerial remuneration ?
- 11. Define goodwill.
- 12. What is meant by pooling of interest ?



- 13. What is statement of affairs in connection with company liquidation ?
- 14. Who is a contributory ?
- 15. What is dividend equalisation reserve ?
- 16. What is non-banking asset ?
- 17. Define N.P.A.
- 18. What is standard assets in banks ? (W = 8×1=8)

PART – C

Answer **any six** questions. **Each** question carries a weightage of **two**.

- 19. How will you calculate profits prior to incorporation ?
- 20. Explain any 3 methods of calculating good will.
- 21. Give four points of difference between internal and external reconstruction.
- 22. What is deficiency A/c ? What are the items appearing in it ?
- 23. Prakash Ltd. is formed with a capital of Rs. 10,00,000 in 1,00,000 equity shares of Rs. 10 each to purchase the going concern of Mr. Prasad whose Balance Sheet stood as follows :

Bills Payable	3,500	Cash	4,500
Creditors	6,400	Debtors	7,500
Capital	1,32,100	Stock	35,000
		Machinery	50,000
		Building	45,000
	<b>1,42,000</b>		<b>1,42,000</b>

The purchase price is agreed at Rs. 1,75,000 payable in 15,000 equity of shares of Rs. 10 each of a premium of 10% and the balance in cash.

Give opening entries in the books of Prakash Ltd.



24. The following is the Balance Sheet of Unlucky Ltd.

8000 Preference shares of 10	80,000	Fixed Assets	2,25,000
12000 Equity shares of 10	1,20,000	Current assets	6,25,000
Bank loan	4,00,000	Profit and Loss A/c	58,000
8% Debentures	1,08,000		
Creditors	2,00,000		
	<b>9,08,000</b>		<b>9,08,000</b>

The company went into liquidation. Prepare a liquidator's statement of account after taking into account the following :

- 1) Liquidation expense is 3,000 and liquidator's remuneration Rs. 10,000.
  - 2) Bank loan was secured on fixed assets.
  - 3) Fixed assets were realised at book-values and current assets at 80% of book values.
25. How will you adjust the following while preparing the final accounts of a Joint Stock Company ?
- a) Provisions for taxation to be made Rs. 40,000
  - b) Transfer to general reserve 10,000
  - c) Equity dividend recommended by directors 1,00,000
  - d) Provision for doubtful debts to be made 60,000
26. MRB Ltd. had 50,000 Equity shares of Rs.10 each and 40,000 12% Preference shares of Rs.10 each. It's P and L balance on 1<sup>st</sup> April 2009 was Rs. 85,000. During the year ended 31<sup>st</sup> March 2010, the profit as disclosed by the P and L A/c is Rs. 3,52,000. The directors proposed the following :
- a) To transfer Rs. 40,000 to Reserve fund
  - b) To transfer 15% of the current year profit to general reserve
  - c) To declare an equity dividend of 10%

Prepare P and L Appropriation A/c for the year ended 31<sup>st</sup> March 2010. (W = 6×2=12)



PART – D

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

27. Following is the Balance Sheet of Aruna Ltd. as on 31-3-09.

Preference Capital (Rs.10)	5,00,000	Machinery	5,00,000
Equity capital (Rs.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
8% Debentures	2,00,000	Debtors	4,00,000
Creditors	3,00,000	Bank	90,000
		Cash	10,000
	<b>25,00,000</b>		<b>25,00,000</b>

Aruna Ltd. is absorbed by Jagan Ltd. with effect from 1<sup>st</sup> April 2009.

The following terms were agreed upon :

- 1) Equity shares to be discharged at 6% premium by issuing equity shares in Jagan Ltd. at par
- 2) Wine Preference shares in Jagan Ltd. are to be issued for five Preference shares held in Aruna Ltd.
- 3) Stock is not taken over by Jagan Ltd. which realised Rs. 1,00,000.
- 4) Machinery is revalued at Rs. 4,00,000 for this purpose.

Show :

- 1) Realisation A/c and Equity shareholders A/c in the books of Aruna Ltd.
- 2) Opening entries in the books of Jagan Ltd. assuming that the acquisition is in the nature of purchase.



28. Following is the Balance Sheet of Unfortunate Ltd.

Share Capital		Goodwill	10,000
10,000 Equity shares of		Land and Building	90,000
Rs. 10 each	1,00,000	Stock	25,000
10,000, 7% Preference shares	1,00,000	Debtors	30,000
of Rs. 10 each		P and L A/c	45,000
Creditors	40,000	Bank Balance	50,000
Bills payable	10,000		
	<b>2,50,000</b>		<b>2,50,000</b>

It was resolved that equity shares of Rs. 10 each is to be reduced to shares of Rs. 6 each and 7% Preference shares of Rs. 10 each to be converted into same number of 8% Preference shares of Rs. 7 each. Creditors divided to reduce their amount due to Rs. 35,000.

It was also decided to write off goodwill and accumulated loss and to write down land and buildings to the extent possible. Arrears of Preference dividend for three years is to be cancelled.

Give journal entries and show the Balance Sheet of Unfortunate Ltd. after reconstruction.

29. The following are the figures extracted from the books of Suraksha Bank Ltd. as on 31<sup>st</sup> March 2010.

	Rs.
Interest and discount received	20,30,000
Interest paid on deposits	12,02,000
Issued and subscribed capital	5,00,000
Reserve under Section 17	3,50,000
Commission, Exchange and Brokerage	90,000
Rent received	30,000
Profit on sale of investments	95,000
Salaries and allowances	1,05,000
Directors fees and allowances	12,000
Rent and taxes paid	54,000



Stationary and printing	12,000
Postage and telegrams	25,000
Other expenses	12,000
Audit fees	4,000
Depreciation on Bank's properties	12,500

**Additional Informations :**

- 1) Provide for doubtful debts Rs. 2,00,000
- 2) Rebate on bills discounted on 31<sup>st</sup> March 2010 Rs. 7,500
- 3) Provide Rs. 3,50,000 for income tax.
- 4) The director's desire to declare 10% dividend.

Prepare Profit and Loss A/c of the bank with the necessary schedules. (W = 2×4=8)

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