



M 5180

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
CORE COURSE IN COMMERCE
3B04 COM : Corporate Accounting
(2012 Admn.)

Time: 3 Hours

Max. Weightage : 30

PART – A

Two bunches carrying equal weightage of **one**. Answer **all**.

- I. 1) The scheme ensures the company that the entire shares or debentures issued would be subscribed
- | | |
|-----------------|-----------------|
| a) Broking | b) Purchasing |
| c) Guaranteeing | d) Underwriting |
- 2) Goodwill carries under
- | | |
|-----------------------|------------------|
| a) Fixed asset | b) Current asset |
| c) Loans and advances | d) Investment |
- 3) Profit prior to incorporation is transferred to
- | | |
|------------------------|---------------------|
| a) Share capital | b) Capital reserve |
| c) Profit and Loss a/c | d) Goodwill account |
- 4) The net asset divided by the total number of shares is
- | | |
|------------------------|--------------|
| a) The intrinsic value | b) Net asset |
| c) Net payment | d) Net worth |

(W = 1)

II. Match the following :

- | | |
|------------------------------|---------------------------|
| 5) Merger | a) Outstanding discount |
| 6) Rebate on bill discounted | b) Miscellaneous expenses |
| 7) Share premium | c) Liabilities assumed |
| 8) Preliminary expenses | d) Reserves and Surplus |
| | e) A part of amalgamation |
| | f) Unexpired discount |

(W = 1)

PART – B

Answer **any eight**. **Each** carries a weightages of **one**.

9. What is slip system of posting ?
10. What do you mean by NPA ?

P.T.O.



11. What is profit prior to incorporation ?
12. Give two examples of contingent liabilities.
13. What do you mean by Amalgamation ?
14. What is net payment method ?
15. Explain the various conditions for giving underwriting commission.
16. What do you mean by goodwill ?
17. What is non-banking assets ?
18. What do you mean by buy-back of share ?

(W = 8×1=8)

PART – C

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

19. Explain the factors affecting goodwill.
20. Explain the special features of Bank Accounting.
21. What are contingent liabilities ? How are these liabilities shown in the balance sheet of a company ?
22. What are the steps involved in amalgamation of companies ?
23. X Ltd. holds the business of Y Ltd. for which X Ltd. pays Rs. 2,00,000 in equity shares of Rs. 10 each, Rs. 1,50,000 in 12% debentures of X Ltd. and Rs. 1,75,000 in cash. Creditors for Rs. 75,000 and employee's security deposit Rs. 15,000 are also assumed by X Ltd. Compute purchase consideration.
24. A Ltd. was incorporated on 1st April 2009 to acquire the business of H and Sons as a going concern with effect from 1st Jan. 2009. The total sales for the year ended 31st Dec. 2009 amounted Rs. 1,50,000 of which Rs. 50,000 related to the first three months. The P and L account of the company for the year stood as follows :

P & L A/c		Rs.
	Rs.	Rs.
Salaries	4,000	Gross Profit b/d 30,000
Rent	1,000	
Sales Commission	3,000	
Discount	1,500	
Directors fees	2,100	
Audit fees	900	
Debenture Interest	500	
Bad debts	750	
Net profit	16,250	
	30,000	30,000

You are required to prepare Profit and Loss A/c showing the profit earned during pre-incorporation and post-incorporation periods.



- 25. On 1st March 2010 a bill of Rs. 10 lakhs is discounted with a bank @ 18% per annum. The due date of the bill is 30th April 2010. Pass journal entries in the books of the bank assuming that the bill is collected on the due date. Accounting year closes on 31st March every year.
- 26. The average expected net profit of a firm is Rs. 75,000 per year. The average capital employed in the business is Rs. 5,00,000. The rate of interest expected from capital is 10%. The remuneration of partners is estimated to be Rs. 10,000 per annum.

Compute the value of goodwill on the basis of 3 year's purchase of super profits.

(W = 6x2=12)

PART – D

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

- 27. The following balances appear in the books of ABC Ltd. after the preparation of Profit and Loss A/c for the year ended 31st March 2008 :

	Rs.
Paid up Share Capital, 12,500 shares of Rs. 10 each	1,25,000
General Reserve	25,000
Profit and Loss Balance on 1-4-2007	13,000
Profit for current year	32,000
Bank loan	41,000
Sundry creditors	52,000
Unclaimed dividend	500
Land and Buildings	60,000
Stock	1,45,000
Debtors	71,000
Cash at Bank	5,500
Prepaid expenses	7,000

The Board of Directors recommended the following appropriations :

- 1) Transfer to general reserve Rs. 15,000.
- 2) Proposed dividend Rs. 12,500.
- 3) Provide 10% proposed dividend for Corporate dividend tax.

Authorised capital is 25,000 shares of Rs. 10 each. Prepare Profit and Loss Appropriation Account and Balance sheet in accordance with Schedule VI of the Companies Act.



28. A Ltd. and B Ltd. doing the same type of business agree to amalgamate as from 1st Jan. 2008 on which date their respective Balance Sheet were as follows :

	A LTD.	B LTD.		A LTD.	B LTD.
Share Cap.	2,00,000	3,00,000	Land and Building	2,00,000	2,50,000
Reserve	30,000	20,000	Machineries	50,000	40,000
Creditors	2,20,000	1,80,000	Stock	1,20,000	1,30,000
			Debtors	60,000	40,000
			Cash	20,000	40,000
	4,50,000	5,00,000		4,50,000	5,00,000

A new company AB LTD. is formed with an authorised capital of Rs. 10,00,000 divided into shares of Rs. 10 each to acquire the business (all Assets and Liabilities) of both A LTD. and B LTD.

The purchase consideration is agreed at Rs. 3,00,000 for A LTD. and Rs. 3,50,000 for B LTD payable in fully paid up shares of AB LTD.

The Land and Building of A LTD. are valued at Rs. 2,20,000 and that of B LTD. at Rs. 2,60,000.

Give Ledger accounts to close the books of liquidating companies. Also prepare opening Balance Sheet of AB LTD.

29. From the following figures extracted from the books of M Bank LTD. as on 31st March 2010, prepare Profit and Loss A/c.

	Rs.
Interest and discount received	6,25,000
Interest paid on deposits	3,25,000
Commission exchange and brokerage	1,20,000
Rent received	20,000
Profit on sale of investments	10,000
Loss on sale of investments	2,500
Salaries and allowances	1,80,000
Directors fees	15,000
Rent and taxes paid	12,000
Printing and Stationery	6,000
Postage and telegrams	2,500
Other expenses	2,000
Audit fee	1,500
Depreciation on banker's Property	7,500
Balance of profit as on 1-4-2009	1,20,000

Other information :

- 1) Provide Rs. 7,500 for doubtful debts.
- 2) Provide Rs. 30,000 for taxation.
- 3) Rebate on bills discounted 31-3-2010 Rs. 20,000.
- 4) Provide 10% dividend proposed on the paid up capital of Rs. 5,00,000. **(W = 2×4=8)**