KAMARAJ COLLEGE (Autonomous)

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(Affiliated to Manonmaniam Sundaranar University, Tirunelveli)

THOOTHUKUDI – 628 003

(12 Pages) **Reg. No: ………………………………………**

Question Code No: 25O00405 **Course Code : 24UMCO31/24UMBE31 24UMBF31/24UMCR31**

UG Degree - End Semester Examinations, November 2025

Third Semester

B.Com/B.Com Banking and E-Commerce/

B.Com Banking and Finance/ B.Com Corporate Secretaryship

Corporate Accounting

(For those who joined in July 2024 onwards)

Time : 3Hours **Maximum : 75 Marks**

PART A – (10 × 1 = 10 Marks)

Answer ALL Questions

Choose the correct answer:

1. The profit on re-issue of forfeited shares is transferred to ________

   (a) General reserve (b) Capital redemption reserve

   (c) Capital reserve (d) Profit and loss account

2. The rate of interest on calls-in-arrears according to table 'A' of the companies act is ________

(a) 5% (b) 9%

(c) 3% (d) 12%

3. Transfer to capital redemption reserve a/c is not allowed from ___________

(a) Profit and loss account (b) Debenture redemption fund

(c) Workmen accident fund (d) Profit prior to incorporation

4. Debentures are shown under the heading ________ in a company's balances sheet.

(a) Secured loan (b) Unsecured loan

(c) Share capital (d) Current liabilities

5. Amount realized from sale of goods is shown in the statement of profit and loss under ___________

(a) Other incomes (b) Revenue from operations

(c) Other expenses (d) Cost of goods sold

6. Securities premium is shown in the balance sheet of a company under ___________

(a) Share capital (b) Reserve and surplus

(c) Long term borrowings (d) Current liabilities

7. Goodwill of a company is __________

(a) Tangible asset
(b) Intangible asset
(c) Fictitious asset
(d) Current asset

8. Super profit is the difference between ________

(a) Capital employed and average capital employed
(b) Average profit and normal profit
(c) Current year profit and last year profit
(d) Gross Profit and Net Profit

9. IFRS stands for

(a) International Finance Reporting System
(b) Indian Financial Reporting Standard
(c) International Financial Reporting Standard
(d) International Fund Reporting Standard

10. The main objective of Indian Accounting Standards is to

(a) Provide uniform and transparent reporting
(b) Hide company profit
(c) Increase tax
(d) Avoid auditing

PART – B (5 X 5 = 25 Marks)

Answer ALL Questions choosing either (a) or (b).
Answer should not exceed 250 words.

11. (a) Kailash Ltd. purchased the business of Mani Bros. for

₹ 54,00,000 payable in fully paid shares of ₹100 each. What entries will be made in the books of Kailash Ltd if such issue is a) at par b) at a premium of 20% and c) at a discount of 10%.

(OR)

(b) MTL Ltd., invited application for 20,000 shares of Rs 100 each payable

Rs. 25 on application

Rs. 35 on allotment

Rs. 40 on call

25,000 shares were applied for. The directors accepted applications for 20,000 shares and rejected the remaining applications. All money due were fully received. Give the necessary journal entries.

12. (a) Modern Fibres Ltd has part of its shares capital as 5,000 redeemable Preference shares of ₹100 each. When the shares become due for redemption the company decided that the whole amount will be redeemed out of a fresh issue of equal amount of equity shares of ₹10 each. Show the journal entries in the books of the company.

(OR)

(b) Moon Rays Ltd. issued 50,000 8% debentures of ₹10 each to the public at par, to be paid ₹ 4 on application and the balance on allotment.

Applications were received for 48,000 debentures. Allotment was made to all the applications and the amount due were received promptly. Give journal entries to record the transactions and show how they appear in the balance sheet of the company.

13. (a) From the following particulars of Nokia Ltd, prepare profit loss account for the year ended 31st March 2017.

	Rs.
Cost of goods sold	20,000
Revenue from operation	70,000
Finance cost	3,000
Depreciation and amortization expenses	1,500
Other income	5,000
Employee benefit expenses	4,000
Other expenses	2,000

(OR)

(b) A company carried forward a balance of Rs.30,000 in the profit and loss account from the year ended 31st March 2006. During the year it made a further profit of Rs.3,00,000. It was decided to carry out the following provisions.

i. Provisions for taxation Rs.1,50,000

ii. Dividend equalisation account Rs.20,000

iii. Dividend on 8% preference shares of Rs.2,00,000

iv. Dividend at 15% on 30,000 equity shares of Rs.10 each fully paid.

v. General reserve Rs.35,000

vi. Corporate dividend tax @ 12% on dividend. Give profit and loss appropriation account to this effect.

14. (a) A firm earned net profit during the last three years as follows

	₹
I	36,000
II	40,000
III	44,000

The capital investment of the firm is ₹ 1,00,000.

A fair return on the capital, having regard to the risk involved is 10%.

Calculate the value of goodwill on the basis of 3 years purchase of super profit.

(OR)

(b) A firm earns ₹ 1,20,000 as its annual profits, the rate of normal profit being 10%. the Assets of the firm amounts to ₹ 14,40,000 and liabilities to ₹ 4,80,000. Find out the value of goodwill by capitulations method.

15. (a) List the objectives of Indian Accounting Standards.

(OR)

(b) Examine the significance of any ten accounting standards in financial reporting.

PART – C (5 X 8 = 40 Marks)

Answer ALL Questions choosing either (a) or (b).
Answer should not exceed 500 words.

16. (a) The Ever shine Co. Ltd offered 5,000 shares of ₹ 100 each to the public at ₹ 95 payables as under:

₹ 15 on application

₹ 30 on allotment

₹ 25 on first call

₹ 25 on final call

All the shares were applied for and allotted to whom 500 shares were allotted, paid the whole of the sum due along with allotment (under arrangement with directors). Assume all sums were received. Pass journal entries to record the above and show the figures in balance sheet.

(OR)

(b) H Ltd. was incorporated with a share capital of ₹ 12,00,000 in 10 shares. The company purchased machinery from X & Co for ₹6,00,000 payable in fully paid shares of the company. The directors also decided to allot 2,000 shares credited as fully paid to the promoters for their services. The rest of the shares were issued for cash and taken up by the public and fully paid for. Give journal entries and show the balance sheet.

17. (a) Sterling Ltd. has part of their share capital in 2,500, 6% redeemable preference shares of ₹ 100 each. The company decided to redeem the preference shares at premium of 10%. The general reserve of the company shows a credit balance of ₹ 3, 00,000. The directors decide to utilize 60% of the reserve in redeeming the preference shares and the balance is to be met from the proceeds of fresh issue of sufficient number of shares of ₹ 10 each. The premium is to be met from the year's profit & loss appropriation account. Give journal entries to record the above transactions.

(OR)

(b) Symcox Ltd., issued 75,000 equity shares of ₹ 10 each and 5,000 redeemable preference shares of ₹ 100 each all shares being fully called and paid up on 31-3-2019. Profit & Loss account showed undistributed profits of ₹ 3,00,000 and general reserve stood at ₹ 2,50,000. On 1-4-2019, the directors decided to redeem the existing preference shares at

₹ 105 utilizing as much profits as would be required for the purpose. You are required to pass journal entries in the books of the company.

18. (a) Moon and Star Co. Ltd is a company with an authorised capital of ₹5,00,000 divided into 5,000 equity shares of 100 each on 31.12.2024 of which 2,500 shares were fully called up. the following are the balances extracted from the ledger as on 31.12.2024.

Debit	Amount	Credit	Amount
Opening stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount received	3,150
Wages	70,000	Profit & Loss A/c	6,220
Discount allowed	4,200	Creditors	35,200
Insurance (Up to 31.3.2025)	6,720	Reserves	25,000
Salaries	18,500	Loan from managing director	15,700
Rent	6,000	Share capital	2,50,000
General expenses	8,950		
Printing	2,400		
Advertisements	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,500		
Furniture	17,100		

Bank	34,700		
Bad debts	3,200		
Calls – in – arrears	5,000		
	6,60,270		6,60,270

You are required to prepare a balance sheet as on that date. The following further information is given.

i. Closing stock was valued at ₹1,91,500
ii. Depreciation on plant at 15% and on furniture at 10% should be provided.
iii. A tax provision of ₹8,000 is considered necessary.
iv. The directors declared an interim divided on 15.8.2024 for 6 months ending June 30,2024 @ 6%.
v. Provide for corporate divided tax @ 17%.

(OR)

(b) From the following balances, prepare the balance sheet of a company in the prescribed format. Goodwill Rs. 1,50,000; Investment Rs. 2,00,000; Share capital Rs. 5,00,000; Reserves Rs. 1,10,000; Securities premium Rs. 15,000; Preliminary Expenses Rs. 10,000; P & L A/c (Cr) Rs. 25,000; Debentures Rs.2,50,000; other fixed Assets Rs. 4,70,000; Stock Rs. 80,000; Debtors Rs. 60,000; Bank balance Rs. 30,000; Unsecured Loan Rs. 65,000; Creditors Rs. 35,000.

19. (a) On 31st Dec. 2023, the Balance sheet of Ganesh Ltd was as follows

Liabilities	₹	Assets	₹
Share capital 15,000 equity shares of 100 each fully paid	15,00,000	Land & Buildings	6,60,000
Profit & Loss A/c	3,09,000	Plant	2,85,000
Creditors	2,31,000	Stock	10,50,000
Bank overdraft	60,000	Debtors	4,65,000
Provision for taxation	1,35,000		
Dividend equalization fund	2,25,000		
	24,60,000		24,60,000

The net profit of the company, after deducting all working charges and providing for depreciation and taxation were as under:

2019 – ₹ 2,55,000; 2020 – ₹ 2,88,000; 2021 – ₹ 2,70,000; 2022 – ₹ 3,00,000; and 2023 – ₹ 2,85,000. On 31st Dec.2023, land & building were valued at ₹ 7,50,000 and Flat ₹ 4,50,000.

In view of the nature of the business, it is considered that 10% is a reasonable return on capital. Calculate the value of the company's share after taking into account the revised values on fixed assets and your own valuation of goodwill based on four years purchase of the annual super profits.

(OR)

(b) From the following information compute the value of goodwill on the basis of 3 year purchase of super profit.

i. Average capital employed in the business is Rs.20,00,000
ii. Rate of interest expected from capital having regard to the risk involved is 10%.
iii. Net trading profits of the firm for the past three years were Rs. 3,50,400; Rs. 2,80,300 and Rs. 3,10,100.
iv. Fair remuneration to the partners for their services is Rs 48,000 per annum.
v. Sundry assets of the firm are Rs. 23,50,400 and current liabilities are Rs 95,110.

20. (a) Evaluate the significance of Indian Accounting Standards

(OR)

(b) Analyse the procedures followed for the formulation of Accounting Standards in India.