

Reg. No. :.....

Code No. : 10620 E      Sub. Code : CMEC 51

B.A. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2023.

Fifth Semester

Economics — Core

MACRO ECONOMICS — I

(For those who joined in July 2021 -2022)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Macro Economics as a separate branch came to be studied after the contributions of which economist?  
(a) Adam Smith                      (b) J.M. Keynes  
(c) F. Hayek                            (d) Samuelson
  
2. Which of the following is NOT a Macro Economics variable?  
(a) GDP                                      (b) National Income  
(c) National Output                      (d) Price

3. Which of the following is the correct term for calculating National Income at constant prices?  
 (a) Current Income (b) Domestic Income  
 (c) Real Income (d) None
4. Which of the following is another term for the NNP at factor cost?  
 (a) Personal Income (b) National Income  
 (c) GNP (d) NDP
5. "Supply creates its own demand according to"  
 (a) J.B. Say (b) J.C. Say  
 (c) Hicks (d) J.Y. Say
6. The Pigou effect was first popularized in  
 (a) 1942 (b) 1943  
 (c) 1944 (d) 1947
7. What is the shape of the Keynesian Aggregate Supply curve before the level of full employment is attained?  
 (a) Perfectly inelastic (b) Perfectly elastic  
 (c) Unitary elastic (d) More elastic
8. Effective demand =  
 (a)  $AD = AS$  (b)  $AD > AS$   
 (c)  $AD < AS$  (d) None
9. The psychological law of consumption applies to free and prosperous \_\_\_\_\_.  
 (a) Socialists Economics  
 (b) Capitalists Economics  
 (c) Both (a) and (b)  
 (d) None

10. The relative income hypothesis was developed by \_\_\_\_\_.  
 (a) James Duesenberry  
 (b) J.M. Keynes  
 (c) Milton Friedman  
 (d) James Tobin

PART B — (5 × 5 = 25 marks)

Answer ALL the questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Explain the importance of Macro Economics.  
 Or  
 (b) State the types of Variables.
12. (a) Narrate the uses of National Income Analysis.  
 Or  
 (b) Write a brief note on 'GNP'.
13. (a) Explain in detail Say's law of Markets.  
 Or  
 (b) Write a short note on 'Full Employment'.
14. (a) Explain the underemployment equilibrium.  
 Or  
 (b) Explain the concept of effective demand.
15. (a) Explain the absolute income hypothesis.  
 Or  
 (b) Point out the permanent income hypothesis.

PART C — (5 × 8 = 40 marks)

Answer ALL the questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Discuss the nature and scope of Macro Economics.

Or

- (b) Distinguish between Micro Economics and Macro Economics.

17. (a) Elucidate the methods of calculating National Income.

Or

- (b) Enumerate the difficulties in calculating National Income.

18. (a) Analysis the types of Unemployment.

Or

- (b) Mention the Real Balance Effect.

19. (a) Examine the determination of effective demand.

Or

- (b) Briefly explain the aggregate demand function.

20. (a) Describe the determinants of the consumption function.

Or

- (b) Critically examine Keynes's Psychological Law of consumption.

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CMHO 51

B.Com. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2023.

Fifth Semester

Commerce/Honours – Core

CORPORATE ACCOUNTING

(For those who joined in July 2021 – 2022)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Share application account is a \_\_\_\_\_.  
(a) nominal                      (b) real  
(c) personal                      (d) none of these
2. Conversion of physical shares in to electronic securities is called \_\_\_\_\_.  
(a) dematerialization      (b) price rigging  
(c) re-materialization      (d) none of these

3. 'Debenture holders' of a company are its  
(a) Shareholders (b) Creditors  
(c) Debtors (d) Directors
4. Return paid on debentures is \_\_\_\_\_  
(a) Interest (b) Dividend  
(c) Commission (d) Tax
5. As per Section 39(2), the amount payable on applications is fixed by the directors but it cannot be less than \_\_\_\_\_ of the shares.  
(a) 25% of the issue price  
(b) 5% of the nominal value  
(c) 25% of the nominal value  
(d) 5% of the issue price
6. As per the SEBI Regulations the minimum application money to be paid shall not be less than \_\_\_\_\_  
(a) 25% of the issue price  
(b) 5% of the nominal value  
(c) 25% of the nominal value  
(d) 5% of the issue price

7. Under average profit basis goodwill is calculated by \_\_\_\_\_  
(a) No. of years purchased multiplied with average profits  
(b) No. of years purchased multiplied with super profits  
(c) Summation of the discounted value of expected future benefits  
(d) Super profit divided with expected rate of return
8. Which of the following formula is used to calculate goodwill under super profit method?  
(a)  $\text{Goodwill} = \text{Weighted average profit} \times \text{No. of year purchase}$   
(b)  $\text{Goodwill} = \text{Average profit} \times \text{No. of year purchase}$   
(c)  $\text{Goodwill} = \text{Super profit} \times \text{No. of years purchases}$   
(d) Any of the above
9. If the business of an existing company ABC Limited is taken over by an existing company PQR Limited, it is called \_\_\_\_\_  
(a) external reconstruction  
(b) internal reconstruction  
(c) absorption  
(d) amalgamation

10. If the business of an existing company ABC Limited is taken over by an existing company PQR Limited, \_\_\_\_\_.

- (a) ABC Ltd. is known as the "Vendor Company"; and PQR Ltd. is known as the "Purchasing Company"
- (b) ABC Ltd. and PQR Ltd. are known as the "Purchasing Companies"
- (c) PQR Ltd. is known as the "Vendor Company"; and ABC Ltd. is known as the "Purchasing Company"
- (d) ABC Ltd. and PQR Ltd. are known as the "Vendor Companies"

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).  
Each answer should not exceed 250 words.

11. (a) The Evershine Co. Ltd. Purchased the business of Mani Bros. for Rs. 54,00,000 payable in fully paid shares of Rs. 100 each. What entries will be made in the books of Kailash Ltd., if such issue is (i) at par (ii) at a premium of 20% and (iii) at a discount of 10%?

Or

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- (b) Udhayam Ltd., purchased Land and Buildings costing Rs. 20,00,000 and in payment allotted 20,000 equity shares of Rs. 100 each as fully paid. Further the company issued 40,000 equity shares to the public. The shares were payable as follows: On application Rs. 20; On allotment Rs. 40; On call Rs. 40. The public applied for all the shares which were allotted. All moneys were received. Give journal entries.

12. (a) Daniel Co. Ltd. made the following issues of debentures on 1.4.97. (i) 200, 10% debentures of Rs. 100 each to settle a creditor who supplied a machine on credit some time ago at a price of Rs. 18,000. (ii) 300, 10% debentures of Rs. 100 each for cash at a discount of 5%. (iii) 1,000, 10% debentures of Rs. 100 each to the bankers as collateral security for a loan of Rs. 80,000. All the above issues are redeemable at par. Pass journal entries to record the above in the books of the company.

Or

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(b) Ambassadors Ltd., issued 1,000 8% debentures of Rs. 100 each. Give appropriate journal entries books of the company, if the debenture were issued as follows:

- (i) Issued at par, redeemable at par.
- (ii) Issued at a discount of 5%, repayable at par.
- (iii) Issued at a premium of 10%, repayable at par.
- (iv) Issued at par, redeemable at a premium of 10%
- (v) Issued at a discount of 5%, repayable at a premium of 10%.

You are also required to pass the journal entries for the above.

13. (a) (i) Mr. Senthil, a small scale industrialist decided to convert his firm into a limited company with effect from 1<sup>st</sup> April 1996. But he obtained the certificate of incorporation on 1<sup>st</sup> August 1996 and the certificate to commence business on 1<sup>st</sup> October 1996. His accounts were closed on 31<sup>st</sup> December 1996. Find out the time ratio for the purpose of ascertaining pre incorporation profit.

- (ii) A company was incorporated on 1.2.98 to purchase the business of Abdul Rahman & Sons, as from 1<sup>st</sup> November 1997. There were 10 employees before incorporation but 5 more were appointed on 1.2.98. you are required to ascertain the weighted time ratio for dividing salaries between the pre and post incorporation periods, assuming that the accounts are finalized on 31<sup>st</sup> October.

Or

- (b) A company issues 10,000 equity shares of Rs. 10 each at par. The issue was underwritten by Z & Co., for maximum commission permitted by law. The public applied for and received 8,000 shares. Give journal entries in the company's books and also prepare balance sheet.

14. (a) A firm earned net profits during the last three years as follows: I year – Rs. 36,000, II year – Rs. 40,000, III year – Rs. 44,000. The capital investment of the firm is Rs. 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) Calculate the amount of goodwill on the basis of three years purchase of the last five years' average profits. The profits for the last five years are: I year – Rs. 4,800, II year – Rs. 7,200, III year – Rs. 10,000, IV year – Rs. 3,000, V year – Rs. 5,000

15. (a) Apex Ltd. has 60,000 equity shares of Rs. 100 each, Rs. 80 per share called up. Now the company decides to pay off Rs. 20 per share of the paid up capital and at the same time to reduce the Rs. 100 share to Rs. 60 share fully paid up by cancelling the unpaid amount. Give journal entries.

Or

(b) Martin Ltd. has share capital of Rs. 5,00,000 divided into 5,000 shares of Rs. 100 each, fully paid. Show the entries under each of the following conditions: (i) When Martin Ltd. resolves to sub-divide the shares into 50,000 shares of Rs. 10 each fully paid. (ii) When Martin Ltd., resolves to convert its 5,000 shares of Rs. 100 each into Rs. 5,00,000 worth of stock.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b)  
Each answer should not exceed 600 words.

16. (a) Raja & Co. Ltd. was registered with an authorized capital of Rs. 20,00,000 divided into 20,000 shares of Rs. 100 each. The company offered 12,000 shares to the public which were payable: Rs. 20 per share on application, Rs. 40 per share on allotment and Rs. 40 on call. Application for 18,000 shares were received on which the directors allotted as follows:

Applicants for 10,000 shares – full

Applicants for 5,000 shares – 2,000 shares

Applicants for 3,000 shares – Nil

The excess application money was adjusted towards allotment. All the money due on allotment and call was fully received. Make the necessary entries in the company's books.

Or

(b) XYZ Ltd. invited applications 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 application for 20,000 shares and rejected the remaining applications. All moneys due were fully received. Give journal entries and show the balance sheet of the company.



17. (a) Kamakshi Co. Ltd., issued 15,000 14% debentures of Rs. 100 each for public subscription, at a premium of 10% payable as to Rs. 30 on application, Rs. 50 (including premium) on allotment and the balance in one call. 25,000 applications were received 4,000 applications were rejected and debentures were allotted to the remaining applicants pro-rata. Allotment amount was received from all the allotted one of whom paid the call amount due on his 1,000 debentures along with allotment money. The call amount was also collected on the due date. You are required to pass necessary journal entries in the company's books.

Or

- (b) Rhodes Ltd. issued 2,000 8% debentures of Rs. 100 each at a discount of 6%. The debentures are repayable by annual drawings at the end of each year, from the first year onwards at the rate of Rs. 40,000 per year. You are required to ascertain the discount amount to be written off each year under (i) fluctuating installment method (ii) fixed installment method.

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18. (a) The following are the extracts from the Trial Balance of a company on 31.12.98.

Particulars	Rs.	Rs.
Provision for taxation (1997)	-	50,000
Advance tax paid for 1997	40,000	-
Advance tax paid for 1998	50,000	-
Tax deducted at source (1998)	5,000	10,000
Profit & Loss A/c	-	1,00,000

Assessment for the year 1997 was finalized during the year 1998. The final total tax liability for that year was fixed at Rs. 58,000. The net profit earned by the company during 1998 before tax amounts to Rs. 1,60,000. The company is in 50% tax bracket. You are required to pass the necessary journal entries and show how the various items will appear in the company's Final accounts.

Or

- (b) Moon & Stars Co. Ltd., is a company with an authorized capital of Rs. 5,00,000 divided into 5,000 equity shares of Rs. 100 each on 31.12.1985 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.1985.

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Trial balance of Moon & Star Co., Ltd.

Debit	Rs.	Credit	Rs.
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 (upto 31.3.86)	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 Profit & Loss Account for the year ended 31.12.1985 and a balance sheet as on that date. The following further information is given:

- (i) Closing stock was valued at Rs. 1,91,500
- (ii) Depreciation on plant at 15% and on furniture at 10% should be provided.
- (iii) A tax provision of Rs. 8,000 is considered necessary.
- (iv) The directors declared an interim dividend on 15.8.85 for 6 months ending June 30, 1985 @ 6%.

19. (a) The following particulars relate to a limited company which went into voluntary liquidation: Preferential creditors - Rs. 25,000, Unsecured creditors - Rs. 58,000, 6% Debentures - Rs. 30,000. The assets realized Rs. 80,000. The expenses of liquidation amounted to Rs. 1,500 and the liquidator's remuneration was agreed at 2 and half% on the amount realized and 2% on the amount paid to unsecured creditors including preferential creditors. Show the liquidator's final statement of account.

Or

(b) A Liquidator is entitled to receive remuneration @ 2% of the assets realized and 3% on the amount distributed among the unsecured creditors. The assets realized Rs. 70,00,000 against which payment was made as follows: Liquidation expenses Rs. 50,000, Preferential creditors Rs. 1,50,000 and Secured creditors Rs. 40,00,000. Calculate the total remuneration payable to the liquidator.

20. (a) The following scheme of reconstruction has been approved for Super star Ltd.

(i) The shareholders to receive in lieu of their present holding of 60,000 shares of Rs. 10 each fully paid the following:

- (1) Fully paid new equity shares equal to  $\frac{1}{3}$ rd of their holding.
- (2) 8% preference shares fully paid, to the extent of  $\frac{1}{5}$ th of the above new equity shares.
- (3) Rs. 60,000 8% secured debentures.

(ii) The debenture holders total claim of Rs. 75,000 to be reduced to Rs. 25,000. This will be satisfied by the issue of 2,500 8% preference shares of Rs. 10 each fully paid.

(iii) An issue of Rs. 50,000 6% first debentures was made and allotted, payment for the same having been received in cash.

(iv) The goodwill which stood at Rs. 3,00,000 was written down to Rs. 50,000. Plant & Machinery which stood at Rs. 1,75,000 was written down by Rs. 75,000. Give Journal entries in the books of Super Star Ltd. for the above reconstruction scheme.

Or

(b) Wye company Ltd. passed resolution and got court permission for the reduction of its share capital by Rs. 5,00,000 for the purposes mentioned as under: (i) To write off the debit balance of P& L A/c of Rs. 2,10,000. (ii) To reduce the value of Plant & Machinery by Rs. 90,000 and goodwill by Rs. 40,000. (iii) To reduce the value of investments by Rs. 80,000. The reduction was made by converting 50,000 preference shares of Rs. 20 each fully paid to the same number of preference shares of Rs. 15 each fully paid and by converting 50,000 equity shares of Rs. 20 each on which Rs. 15 is paid up into 50,000 equity shares of Rs. 10 each fully paid up. Pass journal entries to record the share capital reduction.