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B.Com. (CBCS) DEGREE EXAMINATION,
APRIL 2025.

Third Semester

Commerce/Corporate Secretaryship/Professional
Accounting/Banking and Finance/Banking and
E-Commerce

CORPORATE ACCOUNTING – I

(For those who joined in July 2023 only)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Share application account is in the nature of
 - (a) Real account (b) Personal account
 - (c) Nominal account (d) None of these

2. Preference shareholders are
(a) Creditors of the company
(b) Owners of the company
(c) Customers of the company
(d) None of these
3. Debenture holders are the
(a) owners of the company
(b) creditors of the company
(c) customers of the company
(d) debtors of the company
4. Transfer to capital redemption reserve a/c can be made from
(a) general reserve (b) share premium a/c
(c) capital reserve (d) capital profit
5. Advance payment of tax is in the nature of
(a) assets (b) revenue
(c) liability (d) prepaid

6. Preliminary expenses is an example of
(a) Current assets
(b) Fictitious assets
(c) Intangible assets
(d) Liquid assets
7. If the average profit is more than the expected normal profit, the difference is termed as _____
(a) super profit (b) capital profit
(c) net profit (d) gross profit
8. For calculating the value of an equity share by yield method, it is essential to know
(a) expected rate of return
(b) called up equity share capital
(c) capital employed
(d) none of these
9. Accounting standard for fixed assets _____
(a) AS 6 (b) AS 10
(c) AS 3 (d) AS 2

10. Accounting standards refers to specific accounting _____

- (a) principles
- (b) methods of applying
- (c) both (a) and (b)
- (d) none

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) A company issued shares of Rs. 10 each at 10% premium payable Rs. 2 on application; Rs. 3 on allotment including premium; Rs. 2 on first call and Rs. 4 on final call. "A" who was holding 50 shares failed to pay his allotment and first call and his shares were forfeited "B" who was holding 30 shares did not pay his first call and his shares were also forfeited. Give journal entries for forfeiture of shares.

Or

- (b) X limited issued 10,000 equity shares of Rs. 10 each. The issue was underwritten as follows :

A – 30%; B – 30; C – 20%

However the company received application for 8,000 shares only.

Determine the liability of the respective underwriters.

12. (a) X Ltd issued 1,000, 12% debenture of Rs. 100 each. Give journal entries if the debentures are

- (i) Issued at par
- (ii) Issued at a discount of 10%
- (iii) Issued at a premium of 10%

Or

- (b) What journal entries will be made for the following types of issues?

- (i) A company issued 1,000 6% debenture of Rs. 100 each at par
- (ii) A company issued 1,000 6% debenture of Rs. 100 each at 10% premium
- (iii) A company issued 1,000 6% debenture of Rs. 100 each at 10% discount.

13. (a) What you mean by interim dividend?

Or

- (b) Explain the law relating to the calculation of managerial remuneration.
14. (a) B Ltd., has 10,000 equity shares of Rs. 10 each (Rs. 8 paid up) and Rs. 1,00,000. 6% preference shares of Rs. 10 each fully paid. The company has a practice of transferring 20% of the profit of general reserve every year. If the expected profit before tax is Rs. 2,00,000 and the rate of tax is 50%.

Calculate the value per equity share.

[Normal rate of dividend is 20%]

Or

- (b) From the following information calculate the profit available to equity share holders

	Rs.
2,000 9% preference shares Rs. 100 each	2,00,000
50,000 equity shares of Rs. 10 each Rs. 8 per share	4,00,000
Expected profits per share before tax	2,18,000
Rate of tax	50%
Transfer to general reserve every year 20% of profit	
Normal rate of earnings	15%

15. (a) Discuss the objectives of Indian Accounting Standard.

Or

- (b) Write note on :
- (i) Ind AS-2
- (ii) Ind AS-7

PART C — (5 × 8 = 40 marks)

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

16. (a) A company with an authorised capital of Rs. 25 lakhs issued a prospectus inviting applications for 1 lakh shares of Rs. 10 each and the terms of payment : On applications Rs. 5 on allotment Rs. 2,500 on first and final call Rs. 2.50.

The capital offered was oversubscribed by 10,000 shares. The amount due on allotment was received in full. Excess share application money was returned. There was calls in arrears to the tune of Rs. 50,000 for first call. Sundry assets were purchased for Rs. 1,50,000 by issue of shares to vendors.

Pass journal entries for the above transactions.

Or

- (b) A limited company issued 10,000 shares of Rs. 10 face value each, the terms of payment per share is as follows :

With applications Rs. 4

On allotment Rs. 3

On first and final call Rs. 3

Company received 15,000 applications for shares. The directors decided to reject application for 3,000 shares. Shares were allotted to the remaining applicants on pro-rata basis. Amount received in excess were adjusted towards the amount payable allotment. All moneys were received except the first and final call on 400 shares.

Show the journal entries.

17. (a) The following balances appear in the ledger of a company as on 30.06.2020

	Rs.
Equity shares (fully paid up)	6,00,000
Redeemable preference shares (fully paid up)	3,00,000
General reserve	4,00,000
Profit and Loss a/c (cr. balance)	2,50,000
Securities premium account	1,00,000

The company decided to redeem the preference shares at a premium of 10% out of its general reserve and undistributed profits.

Give journal relating to redemption of the preference shares.

Or

- (b) A company is issued 6% debentures of Rs. 1,00,000 with a condition that they should be redeemed after 3 years at 10% premium. The amount allocated for the redemption of debentures is invested in 5% State Government Securities.

The sinking fund table shows that Rs. 0.317209 at 5% compound interest in 3 years will become Rs. 1

Prepare ledger accounts for all the three years

18. (a) Give a specimen form of company's balance sheet according to Companies Act 2013.

Or

- (b) Explain about corporate dividend tax.

19. (a) The following particulars are available in respect of the business carried on by John.

Capital invested Rs. 50,000

Trading results :

	Rs.
2021 Profit	12,200
2022 Profit	15,000
2023 Loss	2,000
2024 Profit	21,000

Market rate of interest on investment 8%
rate of risk return on capital invested in business 2%.

Remuneration from alternative employment of the proprietor (If not engaged in business) Rs. 3,600 p.a.

Compute the value of goodwill of the business on the basis of 3 years purchase of super profit taking average of the last four years.

Or

- (b) From the following particulars calculate the value of company's share by yield method.

(i) Issued and paid up capital 40,000 shares of Rs. 10 each Rs. 4,00,000

(ii) The net profits for three year were
2012-Rs. 51,600; 2013-Rs. 52,000
2014-Rs. 51,650 of which 20% was transferred to reserve

(iii) Fair investment return may be taken at 10%

20. (a) State the areas in which disclosures policies are to be followed.

Or

- (b) Discuss the challenges of Indian Accounting Standards.