

Reg. No. :

Code No. : 31189 E Sub. Code : CMBE 51

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

Fifth Semester

Banking And E-Commerce – Core

CORPORATE ACCOUNTING

(For those who joined in July 2021 and 2022 only)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Which account is credited when shares are issued at premium?
 - (a) Share Capital A/c
 - (b) Securities Premium A/c
 - (c) Bank A/c
 - (d) Calls in Advance A/c

2. Rights issue of shares means
 - (a) Free shares to employees
 - (b) Shares offered to public at large
 - (c) Shares offered to existing shareholders
 - (d) Shares issued for services
3. Debentures represent
 - (a) Ownership
 - (b) Borrowed capital
 - (c) Reserve fund
 - (d) Shareholders' equity
4. Interest on debentures is treated as
 - (a) Appropriation of profit
 - (b) Charge against profit
 - (c) Dividend
 - (d) Bonus
5. Underwriting means
 - (a) Selling shares
 - (b) Guarantee of subscription
 - (c) Valuation of shares
 - (d) Redemption of shares

6. Marked applications indicate
 - (a) Applications directly from public
 - (b) Applications through underwriters
 - (c) Applications by promoters
 - (d) Applications rejected
7. Intrinsic value of shares is based on
 - (a) Net assets method
 - (b) Market price method
 - (c) Yield method
 - (d) Fair value method
8. Liquidator prepares
 - (a) Balance Sheet
 - (b) Final statement of account
 - (c) Trial Balance
 - (d) Cash Book
9. External reconstruction means
 - (a) Restructuring within company
 - (b) Formation of new company
 - (c) Issue of bonus shares
 - (d) Buyback of shares

10. Pooling of interest method means
- (a) Assets and liabilities recorded at book value
 - (b) Assets revalued
 - (c) Liabilities revalued
 - (d) Reserves ignored

PART B — (5 × 5 = 25 marks)

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

11. (a) X Ltd made an issue of 10,000 equity shares of Rs.100 each payable Rs.20 on application Rs.40 on allotment and Rs. 40 on call. All shares are subscribed and amounts duly received. Give journal entries to give effect to the above.

Or

- (b) The following are the details from the records of B Ltd. on 30.6.2017

Equity Shares Fully paid up Rs. 6,00,000
Preference shares fully paid up Rs. 3,00,000
General reserve Rs. 2,00,000
P/L account credit balance Rs. 1,25,000
Share premium a/c Rs. 50,000

The company decided to redeem the preference shares at a premium of 10% out of its general reserve and P/L account. Give journal entries relating to redemption of preference shares.

12. (a) Distinguish between shares and debentures.

Or

- (b) C Ltd. Issued 1000, 12% debentures of Rs. 100 each. Give journal entries under two situations.

- (i) issued at par and redeemable at par
- (ii) issued at a discount of 10% and redeemable at a premium of 10%.

13. (a) A company issued 20000 shares of Rs.10 each at par which were underwritten as follows X – 10000 shares Y – 6000 shares Z – 4000 shares application were received & 18000 shares which included marked application as follows X – 4000 shares, Y – 2000 shares, Z – 10000 shares Prepare a statement showing how many more shares underwriters will have to take under the underwriting contract.

Or

- (b) Explain in detail the method of apportioning incomes and expenses between pre- and post-incorporation periods with examples.

14. (a) From the following information, calculate value per equity share.

2000, 9% preference shares of Rs. 100 each
Rs. 2,00,000

50,000 equity shares of Rs.10 each of Rs. 8
paid up Rs. 4,00,000

Expected profit per year before tax
Rs. 2,18,000

Rate of tax 50%

Transfer to general reserve every year 20% of
profit

Normal rate of earning 15%

Or

- (b) The net profit for the last five years of the firm were 10,000, 15000, 15000, 20000, and 30000. The capital employed in the business is Rs.1,50,000 and normal rate of return is 10%. Calculate the value of goodwill on the basis of 4 years purchase of super profit.

15. (a) Explain the various methods of ascertaining purchase consideration.

Or

- (b) The company B takes over the business of company A. The agreed values for various assets are: Goodwill Rs. 22,000, Land and Buildings Rs.25,000, Plant and Machinery Rs.24,000, Stock Rs.13,000, and Debtors Rs.8,000. Company B does not take over cash but agrees to assume the liability of sundry creditors amounting to Rs.5,000. Calculate the purchase consideration.

PART C — (5 × 8 = 40 marks)

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

16. (a) S Ltd invited the public to subscribe 10,000 equity shares of Rs.100 each at a premium of Rs. 10 per share. Payment was to be made as follows- on application Rs.20, on allotment 40(including premium), on first call 30, on first call 20.

Applications totaled for 13000 shares, applications for 2000 shares were rejected and allotment was made proportionately to the remaining applicants. The directors made both the calls and all the moneys were received except the final call on 300 shares which were forfeited. Later 200 of these forfeited shares were issued as fully paid at Rs.85 per share. Journalise these transactions.

Or

(b) A company has 8,000 redeemable preference shares of Rs. 100 each fully paid. The company decides to redeem the shares on 30th June 2008 at a premium of 7%. The company has sufficient profits but in order to augment liquid funds the following issues are made:

- (i) 3,000, 6% Debentures of Rs. 100 each at Rs. 106.
- (ii) 2,000, Equity shares of Rs. 100 each at Rs. 111.

The issues were fully subscribed and all the amounts were received. The redemption was duly carried out. Give journal entries.

17. (a) Thamiz Ltd offered 20,000, 10% debentures of Rs. 10 each at a premium of 5% were payable as under
on application Rs. 3
on allotment Rs. 4.50

on first and final call Rs. 3 public applied for 22,000 debentures. The directors allotted 20,000 debentures and rejected the remaining applications. All moneys due were fully received. Give journal entries.

Or

- (b) Explain the various methods of redemption of debenture.

18. (a) Authorised capital of G Ltd is Rs. 5,00,000 . 50,000 equity shares of Rs. 10 each on 31.12.2012 25,000 shares were fully called up.

Particulars	Rs.
Stock	50,000
Sales	4,25,000
Purchases	3,00,000
Wages	70,000
Discount allowed	4,200
Discount received	3,150
Insurance paid up to 31.3.2013	6,720
Salaries	18,500
Rent	6,000
General expenses	3,950
Printing and stationery	2,400
Advertising	3,800
Bonus	10,500
Sundry debtors	38,700
Sundry creditors	35,200

Particulars	Rs.
Plant and machinery	80,500
Furniture	17,100
Cash and bank	1,34,700
Reserve	25,000
Loan from M.D	15,700
Bad debts	3,200
Calls in arrears	5,000
P/L a/c credit balance	6,220

Additional information

Closing stock Rs. 91,500

Depreciation on plant and machinery furniture at 15% and 10% respectively

Wages salaries and rent outstanding amounts to Rs.5,200, Rs.1,200 and Rs. 600 respectively

Dividend at 5% on paid up share capital is to be provided

Prepare final account of the company

Or

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(b) Umayya Ltd was incorporated on June 30,2020 to acquire the business of Lal & Bros. as from January 1,2020 on the basis of the balance sheet dated December 31,2019. The accounts for the year ended December 31, 2020 disclosed the following:

- (i) There was a gross profit of Rs. 2,40,000
- (ii) The sales for the year amounted to Rs. 12,00,000 of which Rs. 5,40,000 was for the first six months.
- (iii) The expenses debited to profit and loss a/c included directors fees Rs. 15,000, bad debts Rs. 3,600; advertising Rs.12,000 (under a contract amounting to Rs.1,000 per month); Salaries and general expenses Rs. 64,000; Preliminary expenses written off Rs. 5,000; donation to the political party given by the company Rs. 5,000.

Find out the profit made before and after the incorporation.

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19. (a) From the particulars given below prepare liquidation final accounts allowing for his remuneration at 2 % on the amount realized on assets and 2% on the amount distributed to unsecured creditors other than preferential creditors.

Unsecured creditors 2,24,000

Debentures 75,000

Buildings realized 1,30,000

Other assets realized 7,500

Preferential creditors 70,000

Cash 20,000

Machinery realized 1,10,500

Liquidation expenses 2,000

A call of Rs.2 per share on the partly paid 10,000 equity shares was made and duly paid except in case of one shareholder owning 500 shares.

Or

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- (b) Balance sheet of X Ltd as on 31.3.2013.

Liabilities	Rs.	Assets	Rs.
6% preference shares of Rs. 100 each	50,000	Goodwill	10,000
2000 equity shares of Rs.100 each	2,00,000	Machinery	1,00,000
Reserve fund	50,000	Stock	30,000
P/L a/c	20,000	Debtors	60,000
Debentures	12,000	Cash	1,00,000
Creditors	8,000	Preliminary expenses	40,000
	3,40,000		3,40,000

Depreciate machinery by Rs.25,000. Average profits for the last five years Rs.15,000. Goodwill should be calculated on the basis of 3 years purchase of average profit of last five years. Calculate the value of equity shares on the basis of net asset method.

20. (a) Distinguish between Amalgamation and External Reconstruction.

Or

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(b) Kala Ltd balance sheet showed the following position on 31.3.2008.

Liabilities	Rs.	Assets	Rs.
10,000 equity shares of Rs. 100 each	10,00,000	Fixed assets	8,00,000
Capital reserve	2,00,000	Current assets	4,00,000
Bank loan	2,00,000	Bank	2,00,000
Trade creditors	3,00,000	Profit & loss a/c	3,00,000
	17,00,000		17,00,000

Mala Ltd. was incorporated to take the fixed assets and 60% of the current assets at an agreed value of Rs. 9,00,000 to be paid as Rs. 7,40,000 in equity shares of Rs. 10 each and the balance in 9% debentures. The debentures were accepted by bank in settlement of loan. Remaining current assets realised Rs. 90,000. After meeting Rs. 20,000. expenses of liquidation, all the remaining cash was paid to the creditors in full settlement.

Give journal entries in the books of Kala companies and prepare the initial Balance Sheet of Mala Ltd.