

(FOR THE CANDIDATES ADMITTED

24UPA306

DURING THE ACADEMIC YEAR 2024-2025 ONLY)

REG.NO. :

N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI

END SEMESTER EXAMINATIONS : NOVEMBER 2025

B.Com (PA)

MAXIMUM MARKS: 75

SEMESTER-III

TIME : 3 HOURS

PART – III

CORPORATE ACCOUNTING

SECTION – A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

(K1)

1. Share allotment is a _____.
(a) Personal A/c (b) Real A/c (c) Impersonal A/c (d) Nominal A/c
2. Capital Redemption reserve is created _____.
(a) Out of share forfeiture a/c (b) To meet legal requirement
(c) Out of securities premium a/c (d) voluntarily
3. Preliminary Expenses are an example of _____.
a) Fixed asset b) Current asset c) Fictitious asset d) Investment
4. Goodwill is shown in assets side of the Company's Balance sheet under the heading of _____.
a) Fixed assets b) Current assets c) Investments d) Miscellaneous expenditure
5. The first item in order of payment to be made by liquidator is _____.
a) Secured creditors b) Preferential creditors c) Liquidation expenses d) Preferential creditors

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Explain the importance of share capital.
7. Define partly paid –up preference shares.
8. Explain the concept of 'Interest on debentures'.
9. From the following details, you are required to calculate 'Normal Profit'.

Average capital employed = 20,00,000

Normal rate of return = 10%

Total profit = 9,40,800 Normal profit = 2,00,000

10. Who is Preferential creditors?

SECTION – B

(5 X 5 = 25 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.(K3)

11. a) A company issued 20,000 shares of Rs.10 each, payable Rs.3 on application, Rs. 3 on allotment and the balance of Rs.4 on first & final call. Final call money was not received on 2,000 shares. Pass journal regarding first and final call.

ETHICAL PAPER

(CONTD..2)

(OR)

- b) Mr. Senthil is a share holder in Kiran Ltd. Holding 2,000 shares of Rs.10 each. He has paid Rs.2 and Rs.3 per share on application and allotment respectively, but failed to pay Rs.3 and Rs.2 per share for first and second calls respectively. Directors forfeit his shares. Give journal entries for forfeiture.
12. a) Symcox Ltd., issued 75,000 equity shares of Rs.10 each and 5,000 Redeemable Preference shares of Rs.100 each all shares being fully called and paid up on 31-3-2022. Profit & Loss account showed undistributed profits of Rs.3,00,000 and General reserve stood at Rs.2,50,000. On 1-4-1992, the directors decided to redeem the existing preference shares at Rs.105 utilising as much profits as would be required for the purpose. You are required to pass journal entries in the books of the company.

(OR)

- b) 'Y' Company Ltd., decides to redeem 50,000 11% preference shares of Rs.10 each at a premium of 10%. For the purpose of redemption, the company decides to issue 25,000 equity shares of Rs.10 each at a premium of 15%. The balance in profit and loss account is Rs.14,25,000. Assume that the above decision were implemented. Give journal entries.
13. a) From the following information prepare statement of Profit & Loss of the Company in the vertical format.

	Rs.		Rs.
Sales	4,00,000	Discount Allowed	4,000
Discount Received	3,000	Insurance	6,000
Opening Stock	1,00,000	Rent	5,000
Purchase	2,00,000	General Expenses	8,000
Closing Stock	1,50,000	Printing	2,000
Wages	60,000	Advertising	3,000
Salaries	15,000	Bad debts	2,000
Bonus	10,000		

(OR)

- b) Explain the remuneration payable to different categories of managerial personnel.
14. a) Calculate the amount of goodwill on the basis of there years purchase of the last five year's average profit. The profits for the last five years are:

Year	Rs.
2006	4,800
2007	7,200
2008	10,000
2009	3,000
2010	5,000

(OR)

- b) The profits of Thilaga Ltd. for the last 5 years were as follows:

Year	Rs.
2014	15,000
2015	18,000
2016	22,000
2017	25,000
2018	27,000

Compute the value of goodwill of Thilaga Ltd. on the basis of 4 years purchase of weighted average profits after assigning weights 1,2,3,4 and 5 serially to the Profits.

15. a) A liquidator is entitled to receive remuneration @ 2% of the assets realised and 3% on the amount distributed among the unsecured creditors. The assets realised 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; Unsecured creditors Rs.30,00,000.
Calculate the total remuneration payable to the liquidator.

(OR)

- b) Illustrate the role of a liquidator of a company with suitable examples.

SECTION – C**(5 X 8 = 40 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.(K4(or) K5)**

16. a) ABC Ltd. Issued 2,000 shares of Rs.100 each at a premium of 10% payable as follows:
Rs. 25 on application, Rs.35 on allotment (including Premium), Rs. 50 on First and final call. 1,800 shares were applied for and allotted. All the money was received with the exception of first and final call on 200 shares held by Reghu. These shares were forfeited. Give journal entries and prepare balance sheet.

(OR)

- b) Good Prospects Ltd. issued 40,000 shares of Rs.10 each at a premium of Rs.2 per shares. The shares were payable as follows:

Rs. 2 on application

Rs. 5 on allotment (Including premium)

Rs. 5 on first & Final call.

All the shares were applied for and allotted. All moneys were received with the exception of the first and final call on 1,000 shares which were forfeited. 400 of these were reissued as fully paid at Rs. 8 per share. Give the necessary journal entries, prepare the bank A/c and the balance sheet of the company.

17. a) The balance sheet of Exchange Ltd., as on 31-3-2009 was as follows:

Liabilities	Rs.	Assets	Rs.
Share Capital: 50,000 Equity Shares of Rs.10 each fully paid	5,00,000	Sundry assets	9,20,000
4,000 Redeemable pref. Shares of Rs.100 each fully paid	4,00,000	Bank balance	6,00,000
Profit & Loss A/c	5,20,000		
Creditors	1,00,000		
	15,20,000		15,20,000

On the above date, the preference shares were redeemed at a premium of 10%. You are required to pass journal entries and give the amended balance sheet.

(OR)

- b) On 30th June 2021, the balance sheet of Sandhya Ltd., stood as follows:

Liabilities	Rs.	Assets	Rs.
Equity share capital	10,00,000	Sundry Assets	14,00,000
Redeemable Pref. Shares Capital	4,00,000	Bank	5,00,000
Profit & Loss A/c	3,00,000		
Creditors	2,00,000		
	19,00,000		19,00,000

On 30th June 2021, The preference shares had to be redeemed. For this purpose 2,000 equity shares of Rs.100 each were issued at Rs.110. the company also issued 8% debentures totaling Rs. 3,00,000. The shares and debentures were immediately subscribed and paid for. The preference shares were duly redeemed . Give the journal entries and prepare balance sheet.

18. a) A limited was registered with an authorized capital of Rs.6,00,000 in equity shares of Rs.10 each. The following is its Trial balance on 31st March 2018.

Trial balance of 'A' Limited

	Debit balance Rs.	Credit balance Rs.
Goodwill	25,000	-
Cash	750	-
Bank	39,900	-
Purchase	1,85,000	-
Preliminary expenses	5,000	-
Share capital	-	4,00,000
12% debentures	-	3,00,000
P&L a/c	-	26,250
Calls –in- arrears	7,500	-
Premises	3,00,000	-
Plant and machinery	3,30,000	-
Interim dividend	39,250	-
Sales	-	4,15,000
Stock(1.4.18)	75,000	-
Furniture and fixture	7,200	-
Sundry debtors	87,000	-
Wages	84,865	-
General expenses	6,835	-
Freight and carriage	13,115	-
Salaries	14,500	-
Directors fees	5,725	-
Bad debts	2,110	-
Debenture interest paid	18,000	-
Bills payable	-	37,000
Sundry creditors	-	40,000
General reserve	-	25,000
Provision for bad debts	-	3,500
	12,46,750	12,46,750

Prepare statement of profit and loss and balance sheet in proper vertical format after making the following adjustment:

- Depreciate plant and machinery by 15%.
- Write off preliminary expenses.
- Provide for 6months interest on debentures.
- Leave bad and doubtful debts provision at 5% on sundry debtors.
- Provide for income tax at 50%.
- Stock on 31.3.2018 was Rs.95,000.
- Provide for corporate dividend tax @17%.

(OR)

b) The Auto parts manufacturing company limited was registered with a authorized capital of Rs.7,50,000 divided into 3,000 6% cumulative preference shares of Rs.100 each and 4,500 equity shares of Rs.100 each. The following are the balance taken as on 31.12.2019.

	Rs.		Rs.
Stock on 1.1.19	2,41,500	Share capital 3,000 6%	
Delivery expenses	1,02,000	cumulative preference	3,00,000
General expenses	21,000	shares of Rs.100 each	
Bills receivable	6,000	3,000 equity shares(Rs.75	
Investment: 6,000 share of		called up)	2,25,000
Rs.10 each in sunrise co. ltd.	60,000	General reserve	82,725
Preference dividend half year		P&L A/c (cr.)	58,500
30.6.2019	9,000	Sales	9,18,600
Bank balance	97,500	5% debentures	2,10,000
Goodwill	1,00,000	Trade creditors	1,25,520
Trade debtors	1,67,500	Provision for taxation	8,800
Freehold properties at cost	3,90,000		
Salaries	1,03,500		
Rent and rate	38,250		
Furniture at cost	75,000		
Purchase	4,76,500		
Freight and carriage inwards	3,750		
Debenture interest(half year)	5,250		
Final dividend for 2018	20,250		
Cash in hand	12,145		
	19,29,145		19,29,145

Prepare statement of profit and loss for the year ended 31.12.2019 and balance sheet at that date in vertical form after taking the following into account:

- Closing stock Rs.2,15,000.
- Depreciation 2 ½ % on freehold property and 6% furniture.
- Bills receivable for Rs.2,500 maturing after 31.12.2019 has been discounted with bank.
- Directors proposed to pay second half year's dividend on preference shares.
- 10% dividend on equity shares is proposed.
- Provide 5% towards reserve for doubtful debts on trade debtors.
- Provide for corporate dividend tax.

19. a) The following information is presented for five years ending 31st Dec 2018.

year	Profit (After tax)	Taxation	Transfer to reserve	Directors remuneration
2014	25000	9000	5000	2000
2015	27500	10000	6000	2250
2016	24000	7500	4000	2250
2017	32500	12500	7500	2500
2018	36000	17500	7500	3000

Fixed assets have been revalued and the same showed an appreciation of Rs.2,50,000 (depreciation to be provided for @ 10%). The company has a 8% preference share capital of Rs. 50,000. The current rate of taxation may be taken @50%. Calculate the value of goodwill on the basis of four years purchase of the last five years average profits.

(OR)

b) From the following information, compute the value of goodwill as per annuity method:

Average capital employed Rs.10,00,000

Normal rate of profits 10%

Profits: For 2011 – Rs.1,40,000

For 2012 – Rs. 1,22,000

For 2013 – Rs. 1,70,000

Profits for 2012 have been arrived at after writing off abnormal loss of Rs.10,000

And profits of 2013 include a non-recurring income of Rs.22,000. Goodwill is to be

Calculated on the basis of annuity of 3 years purchase of super profits. The present value of annuity of Re.1 for 3 years at 10% is Rs.2.4868.

20. a) Analyze the various methods of winding up a company and compare their legal procedures and implications. **(OR)**

b) Assess the effectiveness of various modes of liquidation in protecting creditors' interests.
