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**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF COMMERCE

END TERM EXAMINATION

Course Code: MGT121

Course Name: Corporate Accounting

Program & Sem: B.COM

Date: 20-JAN-2023

Time: 09:30am to 12:30pm

Max Marks: 100

Weightage:50%

Instructions:

- (i) Read the all questions carefully and answer accordingly.
(ii) Part A consists of **multiple response questions**. More than one option is correct.
Write down **ALL the correct options** to get the full 4 marks.
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Part A [Memory Recall Questions]

Answer all the Questions. Each question carries 3 marks.

(10Qx 3M= 30M)

1. _____ refers to accounting relating to corporate bodies or joint stock companies.
(C.O.No.1)[knowledge]
- A. Financial accounting
B. Corporate Accounting
C. Cost accounting
D. Management accounting
- 2.The maximum amount with which the company is registered is called-
(C.O.No.1)[Application]
- (a) Authorized Share Capital
(b) Issued Share Capital
(c) Subscribed capital
(d) Called up capital
- 3.When shares are issued at premium amount of premium will be credited to—
(C.O.No.2)[Application]
- (a) Securities premium account
(b) Share first call account
(c) Share allotment account
(d) Share forfeited account

4. Share allotment account is a-

(C.O.No.2)[Application]

- (a) personal account
- (b) Real account
- (c) Nominal account
- (d) Impersonal accounts

5. When shares are forfeited, Share Capital Account is debited with- (C.O.No.2)[knowledge]

- (a) Nominal value of shares
- (b) Called-up value of shares
- (c) Paid-up value of shares
- (d) Market value of shares

6. Those shares which are issued out of accumulated or undistributed profits of the company, free of cost, to the existing (C.O.No.2)[comprehension]

shareholders are called-

- (a) Bonus shares
- (b) Right Shares
- (c) Sweat Equity Shares
- (d) None of these

7. The debentures that can be converted into shares of the company on the expiry of predecided period, are called – (C.O.No.2)[comprehension]

- (a) Secured or Mortgage Debentures
- (b) Unsecured Debentures
- (c) Bearer Debentures
- (d) Convertible Debentures

8. The debentures which are not redeemed in the life time of the company. are called- (C.O.No.2)[comprehension]

- (a) Non-redeemable Debentures
- (b) Redeemable Debentures
- (c) Convertible Debentures
- (d) Non-Convertible Debentures

9. When debentures are issued at a discount and are redeemable at a premium, which of the following accounts is debited at the time of issue: (C.O.No.2)[comprehension]

- (a) Debentures account,
- (b) Premium on redemption of debentures account,
- (c) Loss on issue of debentures account
- (d) Securities Premium Reserve Account

10. A company can issue debentures to the vendors as a payment for the purchase of the assets such as issue of debentures is known as ... (C.O.No.4)[comprehension]

- (a) An issue of debenture consideration other than cash
- (b) Issue of Debentures for cash
- (c) Debentures issued as collateral security
- (d) None of these

Part B [Thought Provoking Questions]

Answer all the Questions. Each question carries 8 marks. (5Qx8M=40M)

11. Explain reissue of forfeited shares at par and at premium. CO 1[Comprehension]
12. ABC Ltd. brought out an issue which was oversubscribed. What option does the company have in case of over subscription? CO1 [Comprehension]
13. Discuss the advantages of buy-back of shares. CO5 [Comprehension]
14. Explain Factors influencing the value of Goodwill. CO3 [Comprehension]
15. Explain Need for Valuation & Factors Affecting Valuation. CO2 [Comprehension]

Part C [Problem Solving Questions]

Answer all the Questions. Each question carries 15 marks. (2Qx15M=30M)

16. Z Ltd. issued 2,500, 10% Debentures of Rs.100 each, a premium of 10% payable as Rs. 20 on application, Rs.50 on allotment (including the premium) and the balance on first & final call. The public applied for 3,500 debentures. Applications for 2,250 debentures were accepted in full, applicants for 500 were allotted 250 debentures, and remaining applications were rejected. All money was duly received. Journalize these transactions. CO1 [Comprehension]

17. X purchased business from Y on 30th June, 2017. Profit earned by Y for the preceding years ending on 31st December every year were- 2014 – Rs. 41,000, 2015 – Rs. 40,000 and 2016 – Rs. 42,000. It was ascertained that profits of 2015 included a non- recurring item of Rs. 1500 and profit of 2016 was reduced by Rs. 2000 due to an extraordinary loss on account of theft. The annual premium was Rs. 200 per annum.

X at the time of purchasing the business, was employed with Rama Bros and was getting Rs. 500 p.m. he intends to replace the manager who at the present is getting Rs. 350 p.m. the goodwill is calculated at 2 years purchase of the average profits. Calculate the goodwill of the business. CO3 [Comprehension]
