PSG COLLEGE OF ARTS & SCIENCE (AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2025

(Fourth Semester)

Branch - COST & MANAGEMENT ACCOUNTING

CORPORATE ACCOUNTING

Time: Three Hours

Maximum: 75 Marks

Cont...

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks $(10 \times 1 = 10)$

| Q. No. | Question Question | K Level | со |
|--------|--|------------|-----|
| 1 | Share Application account is a a) Personal Account c) Nominal account d) Impersonal Account | K1 | CO1 |
| 2 | Debentures holders are the a) Customer of the company b) Creditors of the company c) Owners of the company d) None of these | K2 | CO1 |
| 3 | The premium of redemption of preference shares can be provided out of: a) Securities premium b) Insurance fund c) Forfeited shares a/c d) Depreciation Reserve | K1 | CO2 |
| 4 | When all debentures are redeemed, balance in the Debenture Redemption Fund Account is transferred to a) Capital Reserve b) General Reserve c) Profit & Loss Appropriation A/c d) None of these | K2 | CO2 |
| 5 | Which of the following assets is not shown under the head 'Fixed Asset' in the Balance Sheet? a) Goodwill b) Bills Receivable c) Buildings d) Vehicle | K1 | CO3 |
| 6 | Under the Companies Act, the overall maximum managerial remuneration payable by a public company in any financial year shall not exceed: a) 10% of the net profits b) 11% of the net profits c) 15% of the net profits d) 5% of the net profits | K2 | CO3 |
| 7 | The value of the shares of company depends on a) Demand and supply of shares b) Rate of dividend paid c) Economic policies of Government d) All of these | K1 | CO4 |
| 8 | A contributory is a a) Unsecured creditors b) Preferential creditor c) Shareholder d) Debenture holders | K2 | CO4 |
| 9 | When calculating minority interest, you consider a) Revenue profits only b) Capital profits only c) Both revenue and capital profits d) Only share capital | K1 | COS |
| 10 | Revenue profits are included in a) Pre-acquisition reserves b) Post-acquisition reserves c) Cost of control calculation d) Paid-up capital | K2 | CO5 |

SECTION - B (35 Marks)

Answer ALL questions

| | ALL questions carry EQUAL Marks (5 × | $\frac{7=35)}{\mathbf{K}}$ | | | |
|--------------|--|----------------------------|----------|--|--|
| Q. No. | Question | | | | |
| 11.a. | Compare shares and debentures. | | | | |
| | (OR) | ' | | | |
| | Bharat Ltd., issued 1,50,000 equity shares. The whole of the issue was underwritten | | | | |
| | as follows: | K2 | CO1 | | |
| | X-50%; Y-25%; Z-25% | | | | |
| 11.b. | Application for the 1.20,000 shares were received in all, out of which application for | | | | |
| | 30.000 shares had the stamp of X, those for 15,000 shares that of Y and those for | | | | |
| | 30,000 shares that of Z. the remaining applications for 45,000 shares did not bear any | | | | |
| | stamp. Determine the liability of the underwriters. | | | | |
| - | The following extract from the balance sheet of Gayathri Co. Ltd. as on 31st | | | | |
| | Dec.2007, is given to you. | | | | |
| | Share capital: Rs. | | | | |
| | 2,00,000 Equity shares of Rs.10 each 20,00,000 | | | | |
| | 3.00.000 6% redeemable preference shares of | *** | - | | |
| 12.a. | Rs.10 each 30,00,000 | K3 | CO | | |
| | Capital Reserve 15,00,000 | | | | |
| | General Reserve 9,00,000 | | | | |
| | Profit & Loss A/C 25,50,000 | | | | |
| | The company exercises its option to redeem the preference shares on 1st Jan.2008. | | | | |
| | The company has sufficient cash. Prepare the journal entries to record the redemption. | | | | |
| | (OR) | Cont | <u> </u> | | |
| | | IONT | | | |

| | | | | | | | Con | t2 |
|----------------|--|-------------|------------------|---|-------------|-----------|------|-------|
| 12.b. | Identify the various typ | es of deb | entures. | | | | | |
| 12.01 | Klusener Ltd. Had Rs | 21.00.00 | 0 profit | on 31.3.1998 after mak | ing provi | ision for | | |
| | depreciation and taxati | on. Rs.1. | 30,400 p | rofit was brought forwar | rd from l | ast year. | | |
| | Following recommend | ations w | ere mad | e by the directors of | the com | pany to | | |
| | appropriate the profits: | ations w | 010 11100 | , | | • | | |
| | 1 1.5 T_ | 20 000 40 | conoral r | rapa#11A | | | | |
| | i) To transfer Rs.6, | 0,000 W | generar i | estive | nanv | | | |
| | ii) To pay Rs.85,000 | as ex-gra | ana bonu | s to employee of the com | ipariy | | | |
| 13.a. | iii) To declare divide | nd @5% | on equity | y snare | | | | |
| 12104 | iv) To transfer Rs.45,000 to staff gratuity reserve v) To transfer Rs.50,000 to development rebate reserve | | | | | | | |
| | v) To transfer Rs.50 | | ļ | | | | | |
| • | vi) To transfer Rs. 9 | | | | | | | |
| | The company's capital | | | | | | | |
| • | For the year ending a | Droporo | K3 | CO3 | | | | |
| | | | | ebenture redemption fund | i account | . Prepare | | |
| | profit & loss appropria | tion accou | ınt. | | | | | |
| _ | | | (OR) | | | | | |
| | Calculate the maximun | remunei | ration ava | ailable to a full-time direc | ctor of a | | | |
| | manufacturing compan | y. The pro | ofit and 1 | oss account of the compa | my show | ed a net | | |
| | profit of Rs.40,00,000 | after takir | ng into ac | count the following item | s: | | | |
| | <u> </u> | | | • | Rs. | | | |
| 13.b. | i) Depreciation (includ | ing specia | ıl depreci | ation of Rs. 40,000) | 1,00,6 | | | |
| | ii) Provision for incom | e tax | _ | | 2,00,0 | | | |
| | iii) Donation to politica | | | | 50,0 | | | 1 |
| • | iv) Ex-gratia payment | o a work | er | | 10,0 | 000 | | İ |
| | v) Capital profit on sale | e of assets | S | | 15, | 000 | | |
| · - | The profits of X Ltd. for | or the last | 5 years v | were as follows: | | | 1 | |
| | Year | Profit | | | | | | |
| | 1994 | 15,000 | | | | | | |
| | 1995 | 18,000 | | | | | | |
| 14.a. | 1996 | 22,000 | | | | | | |
| 14.a. | 1997 | 25,000 | | | | • | | |
| | 1998 | 27,000 | | | | | | |
| | Compute the value of | 27,000 | of X I td | on the basis of 4 years n | urchase o | of | | |
| | Compute the value of goodwill of X Ltd. on the basis of 4 years purchase of weighted average profit after assigning weights 1,2,3,4, and serially to the profits. | | | | | | | 1 004 |
| | weighted average profi | | K4 | CO4 | | | | |
| | 1771 C 11 | · | (OR) | company, which has go | ne into | voluntary | | |
| | The following particular | liars relat | e wat | statement of account, | allowing | for his | | |
| | remuneration at 2% or | | | | | | | |
| | remuneration at 2% of | | | | | | | |
| 14.b. | unsecured creditors oth | 1 | | | | | | |
| ,., | Preferential creditors | | Î | | | | | |
| | Unsecured creditors 1,32,100 Liquidation expenses 1,000 | | | | | | | |
| | Enquisation with annual state of the state o | | | | | | | |
| | Assets realized | ala at a CY | O 14-2 0. C | | | | | |
| | | | и ио се 2 | Itd as on 31st March 200 | H | S | 1 | |
| | Liabilities | H | S | Assets | Rs. | Rs. | 1 | |
| | | Rs. | Rs. | 000 -1 | 1,200 | 1/3, | K4 | CO5 |
| 15.a. | Capital Re 1share | 1,400 | 1,000 | 900 shares in S at cost | | 1 900 | K4 | 003 |
| | Creditors | <u> -</u> , | 500 | Sundry assets | 200_ | 1,800 | | |
| | P&L a/c | | 300 | | | 1 200 | | |
| | | 1,400 | 1,800 | <u> </u> | 1,400 | 1,800 | ļ | |
| | When H Ltd. acquired the shares in S, the profit and loss A/c of the latter had a credit | | | | | | | 1 |
| | balance of Rs.200. Pre | pare a coi | nsolidate | Balance sheet. | | | 1 | ļ |
| | | | (OR) | | | | 1 | |
| | Calculate the cost of co | ontrol afte | er the issu | ie of bonus shares. S Ltd | ., has cap | ital of | 75.1 | 000 |
| | Calculate the cost of control after the issue of bonus shares. S Ltd., has capital of Rs.15,00,000 in shares of Rs.100 each. Out of this, 'H' Ltd., purchased 75% of the | | | | | | K4 | CO5 |
| | Rs.15,00,000 in shares | 011/2:10 | o cacii. C | APP OF STREET, TT | | | 1 | |
| 15 h | shares at Rs 17.50.000 | . The pro | ifit of 'S' | Ltd at the time of purcha | ase of sha | ires by | | |
| 15.b. | shares at Rs 17.50.000 | . The pro | ifit of 'S' | Ltd at the time of purchaded to make a bonus issu | ase of sha | ires by | | |

SECTION -C (30 Marks) Answer ANY THREE questions ALL questions carry EOUAL Marks

| Q. No. Question B Ltd having a nominal capital of Rs.20,00,000 in shares of Rs.100 each invited applications for 10,000 shares. Payable as follows: On application Rs.25 On allotment On first call Rs.20 On final call Rs.21 The company received applications for 9000 shares. All the applications | = 30) K | |
|---|------------|----|
| applications for 10,000 shares. Payable as follows: On application Rs.25 On allotment Rs.26 On final call Rs.20 On final call | Level | co |
| The company received applications for 9000 shares. All the applications accepted. All moneys due as stated above were received with the exception of the call on 200 shares. These shares were forfeited and reissued as fully paid @ Rs.9 share. Show the necessary journal entries in the books of the company. | were K1 6 | CO |

| 17 | A company issued 6% Debentures be redeemed after 3 years at 10% debentures is invested in 5%. State The Sinking Fund Table shows that | . The amount a | ith a condition tha llocated for the re | t they should edemption of | | | | | | |
|-----|---|--|---|--|----|-----|--|--|--|--|
| | | K2 | CO2 | | | | | | | |
| - | vears will become Re 1. Prenare lea | The Sinking Fund Table shows that Rs.0.317209 at 5% compound interest in 3 years will become Re.1. Prepare ledger accounts for all the three years. | | | | | | | | |
| 18 | years will become Re.1. Prepare lead A Ltd was registered with an Author Rs.1each The Following is its Trial | 7,500 3,00,00 3,30,00 3, | all the three years Rs. 6,00,000 in equal March 1998. td. ance Credit 0 3,0 20 0 4,1 3 3 40 21 22 25 25 25 26 26 27 28 28 30 30 30 30 30 30 30 30 30 30 30 30 30 | Credit Balance Rs. 4,00,000 3,00,000 26,250 - 26,250 - 4,15,000 37,000 40,000 25,000 3,500 12,46,750 per form after Making | | CO3 | | | | |
| | 6. Stock on 31.3.1998 was R |] | | | | | | | | |
| | 7. Provide for corporate divide | ļ ——— | | | | | | | | |
| | The balance sheet of Saraswati Co | itd disclosed the | tollowing position | is as on 31st | | Ì | | | | |
| | December 1998. | 77 | Assots | Rs. | | 1 | | | | |
| | Liabilities | Rs. | Assets Goodwill | } | 1 | 1 | | | | |
| | Share capital: | ch 6,00,000 | Goodwill Investments | 1 ' ' | | | | | | |
| į į | 6,000 equity shares of Rs 100 ear Profit & Loss a/c | 75,000 | Stock | 6,60,000 | | | | | | |
| | General reserve | 2,25,000 | Sundry debtors | 3,90,000 | | | | | | |
| | 6% debentures | 4,50,000 | Cash at bank | 60,000 | | | | | | |
| | Sundry creditors | 1,50,000 | | | |] | | | | |
| | Workmen's saving bank a/c | 3,00,000 | | <u> </u> | { |] | | | | |
| 19 | | 18,00,000 | | 18,00,000 | K4 | CO4 | | | | |
| | i) The profits for the last 5 years | | | } | [| | | | | |
| | Years Rs | | | | | | | | | |
| | 1994 30,000 | | | | • | | | | | |
| | 1995 70,000 | | | | } | | | | | |
| - | | | | ! | | | | | | |
| - | 1996 50,000 | | | i | l | ì | | | | |
| - | 1996 50,000 1997 55,000 | | | | | ı | | | | |
| - | 1996 50,000 1997 55,000 1998 95,000 | | | | | | | | | |
| - | 1996 50,000 1997 55,000 1998 95,000 ii)The market value of investments | was Rs 3,30,000 | , ca | | | | | | | |
| - | 1996 50,000 1997 55,000 1998 95,000 | e years purchase | of the average and | nual profits | | | | | | |

| | The following Balance sheet are presented to you Balance Sheet as at 31.12.2023 | | | | | | | |
|----|--|---|----------------------------------|--|---|----------------------------|----|-----|
| | Liablilities | A Ltd Rs | B Ltd Rs | Assets | A Ltd Rs | B Ltd Rs | | |
| 20 | Share Capital: Shares of Rs 50 each General Reserve Profit & Loss A/c 6% Debentures Trade Creditors | 2,50,000 50,000 40,000 - 37,500 | 100,000 - 50,000 22,500 | Fixed Assets Stock in trade Debtors 6% Debentures in B ltd acquired at par Shares in B ltd 1,500 at Rs.40 Cash at bank Profit & loss A/c | 175,000 45,000 30,000 30,000 60,000 37,500 | 75,000 20,000 15,000 | К3 | CO5 |
| | | 377 500 | 172 500 | | 377,500 | 50,000 172,500 | | |
| | A ltd acquired the shares on 1.42023. The Profit & Loss account of B Ltd showed a debit balance of Rs.75,000 on 1.1.2023. Trade creditors of B ltd include Rs.10,000 for goods supplied by A ltd. On which A ltd made a profit of Rs.1,000. Half of the goods were still in stock on 31.12,2023. Prepare the consolidated Balance Sheet. | | | | | | | |