

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BCom DEGREE EXAMINATION MAY 2025
(Third Semester)
Branch – **COMMERCE (BUSINESS ANALYTICS)**
CORPORATE ACCOUNTING

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)
Answer **ALL** questions
ALL questions carry **EQUAL** marks (10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	Profit prior to incorporation is transferred to _____. a) General reserve. b) Capital reserve c) Profit and loss account. d) Revenue reserve	K1	CO1
	2	Loss prior to incorporation should be debited to _____. a) Revenue reserve b) Goodwill A/c c) Capital reserve A/c d) Preliminary expenses a/c	K2	CO1
2	3	Goodwill is _____. a) Tangible asset b) Intangible asset c) Fictitious asset d) Current asset	K1	CO2
	4	The value of goodwill according to the simple profit method is _____. a) The product of current year's profit and number of years b) The product of last year's profit and number of years c) The product of average profit of the given years and number of years d) None of the above	K2	CO2
3	5	Accounting standard for amalgamation is _____. a) AS-8 b) AS-20 c) AS-14 d) AS-3	K1	CO3
	6	Pooling of interest method is used to account for amalgamations in the nature of _____. a) Purchase b) Sale c) Merger d) None of these	K2	CO3
4	7	The term minority interest represents _____. a) The shareholders holding 50 % of shares in subsidiary Co. b) The interest of the outsiders in the subsidiary Co. c) The company which holds more than 51% in subsidiary Co. d) None of the above	K1	CO4
	8	A company in which more than 50% of shares are held by another company is termed as _____. a) Holding company b) Subsidiary company c) Govt. company d) Public company	K2	CO4
5	9	Every Banking Company is required to close its accounts on _____. a) 31 st December b) 30 th June c) 31 st March d) 30 th September	K1	CO5
	10	Rebate on bills discounted is _____. a) An accrued income b) An item of Income c) A Liability d) Income received in advance.	K2	CO5

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SECTION - B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO																																
1	11.a.	<p>Illustrate Ganesh Ltd., was registered on 01-07-2017 to acquire the running business of Suneel & Co., with effect from 1-1-97. The following was the Profit and Loss account of the company on 31-12-2017.</p> <table><tr><th>Particulars</th><th>Rs.</th><th>Particulars</th><th>Rs.</th></tr><tr><td>To Office expenses</td><td>54,000</td><td>By Gross Profit b/d</td><td>2,25,000</td></tr><tr><td>To Formation expenses (written off)</td><td>10,000</td><td></td><td></td></tr><tr><td>To Stationery & Postage</td><td>5,000</td><td></td><td></td></tr><tr><td>To Selling Expenses</td><td>60,000</td><td></td><td></td></tr><tr><td>To Director's Fees</td><td>20,000</td><td></td><td></td></tr><tr><td>To Net Profit</td><td>76,000</td><td></td><td></td></tr><tr><td></td><td>2,25,000</td><td></td><td>2,25,000</td></tr></table> <p>You are required to prepare a statement showing profit earned by the company in the pre and post incorporation periods. The total sales for the year took place in the ratio 1:2 before and after incorporation respectively.</p>	Particulars	Rs.	Particulars	Rs.	To Office expenses	54,000	By Gross Profit b/d	2,25,000	To Formation expenses (written off)	10,000			To Stationery & Postage	5,000			To Selling Expenses	60,000			To Director's Fees	20,000			To Net Profit	76,000				2,25,000		2,25,000	K2	CO1
		Particulars	Rs.	Particulars	Rs.																															
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	2,25,000		2,25,000																																	
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11.b.	Classify the Items appearing under the head equity and liabilities in the balance sheet.																																			
2	12.a.	<p>The profits of Thilaga Ltd. For the last 5 years were as follows:</p> <table><tr><th></th><th>Rs.</th></tr><tr><td>1994</td><td>15,000</td></tr><tr><td>1995</td><td>18,000</td></tr><tr><td>1996</td><td>22,000</td></tr><tr><td>1997</td><td>25,000</td></tr><tr><td>1998</td><td>27,000</td></tr></table> <p>Compute the value of goodwill of Thilaga Ltd. On the basis of 4 years purchase of weighted average profit after assigning weights 1,2,3,4 and 5 serially to the profits:</p>		Rs.	1994	15,000	1995	18,000	1996	22,000	1997	25,000	1998	27,000	K3	CO2																				
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		1994	15,000																																	
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1997	25,000																																			
1998	27,000																																			
(OR)																																				
12.b.	<p>A Liquidator is entitled to receive remuneration @ 2% of the assets realized and 3% on the amount distributed amount the unsecured creditors. The assets realized Rs.70,00,000 against which payment was made as follows :</p> <p>a) Liquidation expenses Rs.50,000 b) Preferential creditors Rs.1,50,000 c) Secured creditors Rs.40,00,000; unsecured creditors Rs.30,00,000</p> <p>Calculate the total remuneration payable to the liquidator.</p>																																			
3	13.a.	<p>Calculate Purchase Consideration Under Net Asset Method on the basis of the following.</p> <p>S Ltd agreed to take over the business of T Ltd.</p> <p>i) S Ltd agreed to discharge 7% debentures at a premium of 10% by issuing 9% debentures of S Ltd.(7% debentures is Rs.3,50,000).</p> <p>ii) Fixed asset are to be valued at 10% above book value (fixed asset 16,25,000), the investments at par (investment is Rs.3,00,000), current assets at 10% discount (current asset Rs.2,50,000) and current liabilities at book value (current Liabilities Rs.2,50,000).</p>	K4	CO3																																

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	(OR)																					
	13.b.	Classify the Types of Amalgamation.			K4	CO3																
4	14.a.	Calculate Goodwill as on 31st December on which date Accumulated Reserves was Rs.125000. H Ltd. acquires 70% of the shares of S Ltd. on 1st January 2013. On that date, paid up capital of S Ltd. was 10,000 equity shares of Rs.10 each; accumulated reserve was Rs.1,00,000. H Ltd. paid Rs.1,60,000 to acquire 70% interest in the S Ltd.			K3	CO4																
	(OR)																					
	14.b.	Calculate Capital Profit and Revenue Profit from following particulars. X Ltd Purchase 60% shares of Y Ltd. On 1-1-20 when the balance on their P&L A/c and General reserve were Rs.1,50,000 and Rs.1,60,000 respectively. On 31 st -12-20, the balance sheet of Y Ltd. Showed P&L a/c balance of Rs.4,00,000 and General Reserve Rs.3,00,000. Calculate Capital Profit and Revenue Profit.																				
5	15.a.	On 31 st March,2018 a bank held the following bills, discounted by it earlier; <table border="1"><thead><tr><th>Date of Bills</th><th>Terms of Bill (Months)</th><th>Discounted @%p.a</th><th>Amount of Bills Rs.</th></tr></thead><tbody><tr><td>i) January ,17</td><td>4</td><td>17</td><td>7,30,000</td></tr><tr><td>ii) February, 7</td><td>3</td><td>18</td><td>14,60,000</td></tr><tr><td>iii) March, 9</td><td>3</td><td>17.5</td><td>3,64,000</td></tr></tbody></table> <p>You are required to calculate the rebate on bills discount ted.</p>			Date of Bills	Terms of Bill (Months)	Discounted @%p.a	Amount of Bills Rs.	i) January ,17	4	17	7,30,000	ii) February, 7	3	18	14,60,000	iii) March, 9	3	17.5	3,64,000	K2	CO5
	Date of Bills	Terms of Bill (Months)	Discounted @%p.a	Amount of Bills Rs.																		
	i) January ,17	4	17	7,30,000																		
ii) February, 7	3	18	14,60,000																			
iii) March, 9	3	17.5	3,64,000																			
(OR)																						
15.b.	Prepare profit and loss account from the following ledger balances peoples bank Ltd. <table border="1"><thead><tr><th></th><th>Rs.</th></tr></thead><tbody><tr><td>Interest paid on deposits</td><td>1,60,520</td></tr><tr><td>Commission exchange and brokerage</td><td>44,240</td></tr><tr><td>Interest received</td><td>5,32,260</td></tr><tr><td>Discount on bills discounted</td><td>2,43,760</td></tr><tr><td>Salary and provident fund</td><td>40,000</td></tr><tr><td>Profit on sale of fixed assets</td><td>30,000</td></tr><tr><td>Printing and stationary</td><td>10,000</td></tr><tr><td>Postage and telephone</td><td>20,000</td></tr></tbody></table> <p>Note: Provide for taxation Rs 20 000 and rebate on bills discounted was Rs 14 380</p>				Rs.	Interest paid on deposits	1,60,520	Commission exchange and brokerage	44,240	Interest received	5,32,260	Discount on bills discounted	2,43,760	Salary and provident fund	40,000	Profit on sale of fixed assets	30,000	Printing and stationary	10,000	Postage and telephone	20,000	
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SECTION -C (30 Marks)

Answer ANY THREE questions

ALL questions carry EQUAL Marks (3 × 10 = 30)

ALL questions carry EQUAL Marks (10 Marks each)																																											
Module No.	Question No.	Question	K Level	CO																																							
1	16	Illustrate From the following ledger balances of Velan Limited as on 31st March 2022. You are required to prepare the Balance Sheet as on 31st March 2015 as per Revised schedule III of the Indian Companies Act.	K2	CO1																																							
		Particulars			Rs	Office Equipment	4,80,600	General Reserve	4,15,000	9% Debentures in APCO Ltd,	2,45,000	Creditors for Goods	1,68,500	Loose Tools	1,63,000	Creditors for expenses	36,000	Plant & machinery	18,00,000	Cash Credit	75,000	Computer Software	83,250	Mortgage loan	3,10,000	Debtors for goods	1,90,000	8%Preference share capital	5,50,000	Advertisement (unwritten off)	30,000	Equity Share Capital 000	15,00,	Stores & Spares	1,00,200	Staff Welfare Fund	85,000	Interest accrued on investment 0	51,00	Provision for Taxation	26,550	Cash at Bank	23,000
		Particulars			Rs																																						
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2	17	Determine the various methods of Valuation of Goodwill.	K4	CO2																																																																
3	18	<p>Illustrate X Limited and Y Limited agreed to amalgamate and form in your company called Limited. The balance sheet on the date of amalgamation was as under:</p> <table><tr><th>Liabilities</th><th>X Co.Rs.</th><th>Y Co.Rs.</th><th>Assets</th><th>X Co.Rs.</th><th>Y Co.Rs.</th></tr><tr><td>Equity share capital</td><td></td><td></td><td>Fixed assets</td><td>120000</td><td>180000</td></tr><tr><td>Shares of Rs. 100 each</td><td>100000</td><td>140000</td><td>Stock</td><td>60000</td><td>110000</td></tr><tr><td>Reserve fund</td><td>170000</td><td>100000</td><td>Debtors</td><td>60000</td><td>130000</td></tr><tr><td>Sundry creditors</td><td>40000</td><td>90000</td><td>Cash</td><td>50000</td><td>-</td></tr><tr><td>Bank loan</td><td>-</td><td>90000</td><td></td><td></td><td></td></tr><tr><td></td><td>310000</td><td>420000</td><td></td><td>310000</td><td>420000</td></tr></table> <p>Consideration was to be based on the net assets of the company but subject to an addition to compensate Rs.90000 to X Limited for its super profit. The shares of Z Limited, were to be issued to X limited and Y Limited at a premium and in proportion to the agreed net assets. Z Limited proposed to issue 12000 shares of Rs.10 each at a price of Rs.15 per share.</p> <p>You are required to pass opening journal entries and balance sheet in the books of Z Limited.</p>	Liabilities	X Co.Rs.	Y Co.Rs.	Assets	X Co.Rs.	Y Co.Rs.	Equity share capital			Fixed assets	120000	180000	Shares of Rs. 100 each	100000	140000	Stock	60000	110000	Reserve fund	170000	100000	Debtors	60000	130000	Sundry creditors	40000	90000	Cash	50000	-	Bank loan	-	90000					310000	420000		310000	420000	K3	CO3																						
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4	19	<p>Illustrate P Ltd acquired Q Ltd on 1.1.2018. Their balance sheet as at 31.3.2017 is given below. Using this, let us prepare a consolidated balance sheet.</p> <p style="text-align: center;">P Ltd Balance Sheets as at 31st March 2017</p> <table><tr><th>Liabilities</th><th>P Ltd (INR)</th><th>Assets</th><th>P Ltd (INR)</th></tr><tr><td>Share Capital :</td><td></td><td>Fixed Assets</td><td>80,000</td></tr><tr><td>10,000 Equity shares of Rs 10/- each fully paid</td><td>1,00,000</td><td>Investments :</td><td></td></tr><tr><td>5,000 Equity shares of Rs 10/- each fully paid</td><td>-</td><td>4,000 Shares in Q Ltd</td><td>40,000</td></tr><tr><td>General reserve</td><td>40,000</td><td>Stock</td><td>20,000</td></tr><tr><td>Profit and Loss Account</td><td>20,000</td><td>Debtors</td><td>25,000</td></tr><tr><td>Creditors</td><td>10,000</td><td>Cash and Bank</td><td>5,000</td></tr><tr><td></td><td>1,70,000</td><td></td><td>1,70,000</td></tr></table> <p style="text-align: center;">Q Ltd Balance Sheets as at 31st March 2017</p> <table><tr><th>Liabilities</th><th>Q Ltd (INR)</th><th>Assets</th><th>Q Ltd (INR)</th></tr><tr><td>Share Capital :</td><td></td><td>Fixed Assets</td><td>45,000</td></tr><tr><td>10,000 Equity shares of Rs. 10/- each fully paid</td><td>-</td><td>Investments : -</td><td></td></tr><tr><td>5,000 Equity shares of Rs. 10/- each fully paid</td><td>50,000</td><td>4,000 Shares in Q Ltd</td><td>-</td></tr><tr><td>General reserve</td><td>10,000</td><td>Stock</td><td>10,000</td></tr><tr><td>Profit and Loss Account</td><td>10,000</td><td>Debtors</td><td>10,000</td></tr><tr><td>Creditors</td><td>5,000</td><td>Cash and Bank</td><td>10,000</td></tr><tr><td></td><td>75,000</td><td></td><td>75,000</td></tr></table>	Liabilities	P Ltd (INR)	Assets	P Ltd (INR)	Share Capital :		Fixed Assets	80,000	10,000 Equity shares of Rs 10/- each fully paid	1,00,000	Investments :		5,000 Equity shares of Rs 10/- each fully paid	-	4,000 Shares in Q Ltd	40,000	General reserve	40,000	Stock	20,000	Profit and Loss Account	20,000	Debtors	25,000	Creditors	10,000	Cash and Bank	5,000		1,70,000		1,70,000	Liabilities	Q Ltd (INR)	Assets	Q Ltd (INR)	Share Capital :		Fixed Assets	45,000	10,000 Equity shares of Rs. 10/- each fully paid	-	Investments : -		5,000 Equity shares of Rs. 10/- each fully paid	50,000	4,000 Shares in Q Ltd	-	General reserve	10,000	Stock	10,000	Profit and Loss Account	10,000	Debtors	10,000	Creditors	5,000	Cash and Bank	10,000		75,000		75,000	K4	CO4
Liabilities	P Ltd (INR)	Assets	P Ltd (INR)																																																																	
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	75,000		75,000																																																																	

5	20	Prepare Balance sheet of the bank as on 31 st December 2016. On 31 st December 2016. The following balances stood in the books of Asian bank ltd., after preparation of its profit and loss account.		K4	CO5
		Share Capital :	Rs.(in '000)		
		Issued and Subscribed	4,000		
		Reserve Fund (under section 17)	6,200		
		Fixed Deposits	42,600		
		Savings bank deposits	19,000		
		Current accounts	23,200		
		Money at call and short notice	1,800		
		Investments	25,000		
		Profit and Loss Account (cr) 1 st Jan 2016	1,350		
		Dividend for 2015	400		
		Premises	2,950		
		Cash in hand	380		
		Cash with RBI	10,000		
		Cash with other banks	6,000		
		Bills Discounted and purchased	3,800		
		Loans, cash credits and over drafts	51,000		
		Bills payable	70		
		Unclaimed dividend	60		
		Rebate on bills discounted	50		
		Short loans (borrowing from other banks)	4,750		
		Furniture	1,164		
		Other assets	336		
		Net profit for 2016	1,550		

Z-Z-Z END