

23COU412N/ 23COC413N/ 23COE412N/ 23AFU412N/ 23CRM412N/
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PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2025
(Fourth Semester)

Common to Branches – COMMERCE/ COMMERCE (CA)/ e- COMMERCE/
COMMERCE(A&F)/ COMMERCE (RM)/ COMMERCE(FS)/ COMMERCE(FT)/
COMMERCE (BPS)/ COMMERCE (B&I)

CORPORATE ACCOUNTING - I

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	What is the minimum share application money is? a) 5% of the face value of shares b) 10% of the issue price of shares c) 15% of the face value of shares d) Re.1 per share	K1	CO1
	2	When a part of the issue of shares or debentures is underwritten, it is termed as a) Partial underwriting b) Firm underwriting c) Complete underwriting d) None of these	K1	CO1
2	3	Transfer to Capital Redemption Reserve can be made from a) Capital Reserve b) Forfeited shares a/c c) General Reserve d) Securities Premium a/c	K1	CO2
	4	Debentures are shown under the following heading in a company's Balance Sheet a) Secured loan b) Unsecured loan c) Share Capital d) Current Liabilities	K2	CO2
3	5	Raw materials purchased is shown in the statement of profit and loss as a) Cost of materials consumed b) Purchase of stock in trade c) Changes in inventories d) None of these	K1	CO3
	6	Gross Profit is to be apportioned between Pre and Post incorporation periods in a) Time ratio b) Adjusted time ratio c) Sales ratio d) None of the above	K2	CO3
4	7	The average return of similar concerns should be considered as a) Average return b) Expected rate of return c) Normal rate of return d) None of these	K1	CO4
	8	Secured creditors are shown in the statement of affairs under a) List A b) List B c) List C d) List D	K2	CO4
5	9	Under double account system, depreciation is a) debited to Revenue A/c b) debited to Net Revenue A/c c) credited to the Asset A/c d) credited to depreciation fund A/c	K1	CO5
	10	Expenses incurred by a business enterprise on the recruitment, training and development of workers are considered as _____ a) Opportunity costs b) Imputed costs c) Current costs d) Capital costs	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.	Suriya Ltd., invited applications for 20,000 shares of Rs.100 each payable: Rs.25 on application Rs. 35 on allotment Rs. 40 on call 25,000 shares were applied for. The directors accepted applications for 20,000 shares and rejected the remaining applications. All money due were fully received. Pass necessary journal entries.	K4	CO1
	(OR)			
	11.b.	A company issued 10,000 shares of Rs.10 each. Total applications were for 12,000 shares; allotment was made pro-rata. Application money was Rs.2 per share and allotment money was Rs.3 per share. Raghu failed to pay the allotment money on his 300 shares. How much is due from Raghu for allotment? Give the necessary journal entries.		
2	12.a.	G Ltd., which had Rs.50,00,000 10% debentures outstanding made the following purchase in the open market for immediate cancellation: 01-04-2017 1,000 debentures of Rs.100 each at Rs.99 01-09-2017 2,000 debentures of Rs.100 each at Rs.97 You are required to give the journal entries for purchase and cancellation of the debentures. i. If the above purchase rates are Ex-interest. ii. If the above purchase rates are Cum-Interest. Assume that interest is payable every year on 30 th June and 31 st December.	K4	CO2
	(OR)			
	12.b.	Gaganka Ltd. issued 75,000 equity shares of Rs. 10 each and 5000 redeemable Preference shares of Rs.100 each all shares being fully called and paid up on 31-3-02. Profit & Loss account showed undistributed profits of Rs.3,00,000 and general reserve stood at rs.2,50,000. On 1-4-02, the directors decided to redeem the existing preference shares at Rs.105 utilizing as much profits as would be required for the purpose. Give the necessary journal entries.		
3	13.a.	From the following particulars, determine the maximum remuneration available to a full-time director of a manufacturing company. The P & L a/c of the company showed a net profit of Rs. 40,00,000 After taking into account the following items: i) Depreciation (including special depreciation of Rs. 40,000) - Rs. 1,00,000 ii) Provision for income tax - Rs. 2,00,000 iii) Donation to political parties - Rs. 50,000 iv) Ex - gratia payment to a worker - Rs. 10,000 v) Capital profit on sale of assets - Rs. 15,000	K5	CO3
	(OR)			

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	13.b.	The following ledger balances were extracted from the books of GK Ltd., as on 31-3-2013: Land & Buildings Rs.2,00,000; 12% Debentures Rs.2,00,000; Share Capital Rs.10,00,000 (Equity shares of Rs.10 each full paid up); Plant & Machinery Rs.8,00,000; Goodwill Rs.2,00,000; Investment in shares of AR Ltd., Rs.2,00,000; General Reserve Rs.1,95,000; Stock in trade Rs.1,00,000; Bills receivable Rs.50,000; Debtors Rs. 1,50,000; Creditors Rs. 1,00,000; Bank Loan (unsecured) Rs.1,00,000; Provision for tax Rs.50,000; Proposal dividend Rs.55,000.Prepare the Balance Sheet of the company as per revised schedule.	K5	CO3
4	14.a.	A firm earned net profits during the last three years as follows: I year – Rs. 36,000; II year – Rs. 40,000; III year – Rs. 44,000 The capital investment of the firm is Rs.1,00,000 A fair return on the capital, having regard to the risk involved, is 10%. Calculate the value of goodwill on the basis of 3 years' purchase of super profit.	K6	CO4
	(OR)			
	14.b.	A liquidator is entitled to receive remuneration @2% of the assets realized and 3% on the amount distributed among the unsecured creditors. The assets realized 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.		
5	15.a.	From the information furnished below, you are required to calculate Reasonable Return: Capital base – Rs. 15,39,000 Reserve Fund Investment (4%) – Rs. 14,25,000 Loan from Electricity Board – Rs. 11,40,000 12% Debentures – Rs. 5,70,000 Development Reserve – Rs. 2,85,000 Assume Bank Rate as 5%.	K5	CO5
	(OR)			
	15.b.	Interpret the various objectives of HRA.		

SECTION -C (30 Marks)

Answer ANY THREE questions

ALL questions carry EQUAL Marks

(3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	A Ltd., invited applications for 10,000 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 – Rs.40 (including premium) On first call – Rs.30 On final call – Rs.20 Applications were received for 13,000 shares. Applications for 2,000 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 after the required notices were served. Later 200 of the forfeited shares were re-issued as fully paid @ Rs.85 per share. Pass the necessary journal entries.	K6	CO1
2	17	Rama Ltd, Issued 6% Debentures for Rs 12,00,000 on 1.1.2014. It was provided in the debenture trust deed that the debentures are repayable at the end of 2016 with a premium of 10%. A Sinking fund was set up to provide cash for the Redemption on the due date. Sinking fund table show that 0.31720856 at 5% compound interest in 3yrs will become Rs.1. you are required to write the ledger accounts for all the 3yrs in the company books.	K5	CO2

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3	18	A Ltd. 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 31 st March 2018.				K4	CO3	
				Debit Rs.	Credit Rs.			
		Goodwill	25,000	-				
		Cash	750	-				
		Bank	39,900	-				
		Purchases	1,85,000	-				
		Preliminary expenses	5,000	-				
		Share capital	-	4,00,000				
		12% debentures	-	3,00,000				
		P & L a/c (Cr.)	-	26,250				
		Calls-in-arrears	7,500	-				
		Premises	3,00,000	-				
		Plant & Machinery	3,30,000	-				
		Interim dividend	39,250	-				
		Sales	-	4,15,000				
		Stock (01-04-2017)	75,000	-				
		Furniture & fixtures	7,200	-				
		Sundry debtors	87,000	-				
		Wages	84,865	-				
		General expenses	6,835	-				
		Freight and carriage	13,115	-				
		Salaries	14,500	-				
		Director's 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 a statement of Profit & Loss and Balance sheet in proper form after making the following adjustments;								
i. Depreciate plant and machinery by 15%.								
ii. Write off preliminary expenses								
iii. Provide for 6 months interest on debentures								
iv. Leave bad and doubtful debts provision at 5% on sundry debtors.								
v. Provide for income tax at 50%								
vi. Stock on 31-3-2018 was Rs.95,000								
vii. Provide for corporate dividend tax @ 17%.								
4	19	On 31 st December 2018 the balance sheet of a limited company disclosed the following position.				K4	CO4	
		Liabilities		Rs.	Assets			Rs.
		Issued capital in Rs.10 per shares	8,00,000	Fixed assets	10,00,000			
		Profit & Loss a/c	40,000	Current assets	4,00,000			
		Reserves	1,80,000	Goodwill	80,000			
		5% debentures	2,00,000					
		Current liabilities	2,60,000					
			14,80,000		14,80,000			
		On December 31, 2018 the fixed assets were independently valued at Rs.7,00,000 and the goodwill at Rs.1,00,000. The net profits for the year three years were: 2016 – Rs. 1,03,200; 2017 – Rs. 1,04,000; and 2018 – Rs.1,03,300 of which 20% was placed to reserve, this proportion being considered reasonable in the industry in which the company is engaged and where a fair return on investment may be taken at 10%. Compute the value of the company's share by fair value method.						
5	20	Interpret the various 'cost-based methods' of valuing human resources.				K5	CO5	