

**PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)**

**MCom DEGREE EXAMINATION MAY 2025  
(Second Semester)**

Common to Branches – **COMMERCE/ COMMERCE WITH COMPUTER APPLICATIONS**

**ADVANCED 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	Share allotment account is a -----. a. Personal account                      b. Real account c. Nominal account                      d. Impersonal account	K1	CO1
	2	The profit on reissue of forfeited shares is transferred to -----. a. capital reserve                      b. capital redemption reserve c. general reserve                      d. profit and loss a/c	K2	CO1
2	3	Advance payment of tax is in the nature of ----- a. capital expenses                      b. revenue expense c. pre-paid expenses                      d. outstanding expenses	K1	CO2
	4	Money at call and short notice is shown----- a. Debit side of the p&l a/c                      b. Credit side of the p&l a/c c. Asset side of the balance sheet                      d. It is a contra item	K2	CO2
3	5	Net asset value is also called as ----- a. Asset backing value                      b. Intrinsic value c. Liquidation value                      d. (A), (B) And (C)	K1	CO3
	6	When two or more companies liquidate to form a new company is called-----. a. Amalgamation                      b. Absorption c. Reconstruction                      d. Joint venture	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. The share holders holding 100% of shares in Subsidiary Co	K1	CO4
	8	List 'E' in statement of affairs gives the list of: a. Preferential creditors                      b. Debenture holders c. Unsecured creditors                      d. Secured creditors	K2	CO4
5	9	Which industry is most affected by inflation accounting? a. The retail industry                      b. The healthcare industry c. The technology industry                      d. The oil and gas industry	K1	CO5
	10	-----also called green accounting. a. Corporate Social Responsibility                      b. Corporate Accounting c. Environmental accounting                      d. Forensic Accounting	K2	CO5

**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.	X Ltd. forfeited 30 shares of Rs.10 each fully called up, held by Murugan for non-payment of allotment money of Rs.3 per share and first and final call of Rs.4 per share. He had paid the application money of Rs.3. per share. These shares were reissued to David for Rs.8 per share. Pass necessary journal entries for forfeiture & reissue of shares.	K2	CO1
		(OR)		
	11.b.	Kalish Ltd. purchased the business of Mani Bros. for Rs.54,00,000 payable in fully paid shares of Rs.100 each. What entries will be made in the books of Kalish Ltd., if such issue is (a) at par (b) at a premium of 20% and (c) at a discount of 10%?		

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2	12.a.	<p>From the following particulars, prepare Statement of profit and loss for the Year ending March 2013, as per the revised Schedule VI:</p> <table><tr><td></td><td>Rs.</td></tr><tr><td>Plant and Machinery</td><td>1,60,000</td></tr><tr><td>Land</td><td>6,74,000</td></tr><tr><td>Depreciation of Plant</td><td>16,000</td></tr><tr><td>Purchases adjusted</td><td>4,00,000</td></tr><tr><td>Closing stock</td><td>50,000</td></tr><tr><td>Wages</td><td>1,20,000</td></tr><tr><td>Sales Net</td><td>10,00,000</td></tr><tr><td>Salaries</td><td>80,000</td></tr><tr><td>Bank overdraft</td><td>2,00,000</td></tr><tr><td>10% Debenture issued on 1.4.2012</td><td>1,00,000</td></tr><tr><td>Equity share capital Rs. 100 each</td><td>2,00,000</td></tr><tr><td>1000, 6% Pref. Shares Rs. 100 each</td><td>1,00,000</td></tr></table> <p>Additional information</p> <p>(i) Equity dividend @ 10% declared on paid up capital</p> <p>(ii) Dividend on the preference share capital paid in full.</p> <p>(iii) Rs. 2,00,000 transferred to general reserve.</p>		Rs.	Plant and Machinery	1,60,000	Land	6,74,000	Depreciation of Plant	16,000	Purchases adjusted	4,00,000	Closing stock	50,000	Wages	1,20,000	Sales Net	10,00,000	Salaries	80,000	Bank overdraft	2,00,000	10% Debenture issued on 1.4.2012	1,00,000	Equity share capital Rs. 100 each	2,00,000	1000, 6% Pref. Shares Rs. 100 each	1,00,000	K3	CO2
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12.b.	<p>From the following balances, prepare the Balance Sheet of a Company in the prescribed format. Goodwill Rs.1,50,000; Investments Rs.2,00,000; Share capital Rs.5,00,000; Reserves Rs.1,10,000; Securities premium Rs.15,000; Preliminary expenses Rs.10,000; Profit and Loss A/c (Cr.) Rs.25,000; Debentures Rs.2,50,000. Other fixed assets Rs.4,70,000; Stock Rs.80,000; Debtors Rs.60,000; Bank balance Rs.30,000; Unsecured loan R.65,000; Sundry creditors Rs.35,000.</p>																													
3	13.a.	<p>Raman Ltd., agrees to purchase the business of Krishnan Ltd., on the following terms:</p> <p>a. For each of the 10,000 shares of Rs.10 each in Krishnan Ltd. 2 shares in Raman Ltd. of Rs. 10 each will be issued at an agreed value of Rs. 12 per share. In addition, Rs. 4 per share cash also will be paid.</p> <p>b. 8% Debentures worth Rs.80,000 will be issued to settle the Rs. 60,000 9% debentures in Krushnan Ltd.</p> <p>c. Rs. 10,000 will be paid towards expenses of winding up.</p> <p>Calculate the purchase consideration.</p>	K3	CO3																										
		(OR)																												
	13.b.	<p>Shares of A Ltd. are to be considered as worth Rs. 12 each (of which shareholders are to be paid one Quarter in cash and the balance in Rs. 100 shares of B Ltd. which are to be issued at 25% premium. Total shares were: 10,000 in B Ltd. and 20,000 in A Ltd. Ascertain the number of shares to be issued by B Ltd.</p>																												
4	14.a.	<p>The following particulars relate to a limited company which went into voluntary liquidation:</p> <table><tr><td></td><td>Rs.</td></tr><tr><td>Preferential creditors</td><td>25,000</td></tr><tr><td>Unsecured creditors</td><td>58,000</td></tr><tr><td>6% debentures</td><td>30,000</td></tr></table> <p>The assets realized Rs.80,000. The expenses of liquidation amounted to Rs.1,500 and the liquidator's remuneration was agreed at 2 ½% on the amount realized and 2% on the amount paid to unsecured creditors including preferential creditors.</p> <p>Show the liquidator's final statement of account.</p>		Rs.	Preferential creditors	25,000	Unsecured creditors	58,000	6% debentures	30,000	K4	CO4																		
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14.b.	<p>From the following particulars, related to a liquidated company, calculate the amount of unsecured creditors and preferential creditors: The creditors other than secured creditors of a liquidated company were:</p> <table><tr><td>Trade creditors</td><td>1,42,200</td></tr><tr><td>Provident fund of workers</td><td>11,000</td></tr><tr><td>Gas Board for gas supplied</td><td>420</td></tr><tr><td>Dues to city corporation for Local taxes</td><td>10,000</td></tr><tr><td>Salary of Clerk for six months</td><td>30,000</td></tr><tr><td>Salary of Peon for four months</td><td>6,000</td></tr><tr><td>Director's fees for four months</td><td>8,000</td></tr><tr><td>Income Tax due</td><td>10,000</td></tr><tr><td>Compensation under workmen's compensation act</td><td>9,000</td></tr></table>	Trade creditors	1,42,200	Provident fund of workers	11,000	Gas Board for gas supplied	420	Dues to city corporation for Local taxes	10,000	Salary of Clerk for six months	30,000	Salary of Peon for four months	6,000	Director's fees for four months	8,000	Income Tax due	10,000	Compensation under workmen's compensation act	9,000											
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5	15.a.	Explain the objectives of green accounting.	K4	CO5
	(OR)			
	15.b.	Elucidate the advantages of forensic accounting.		

**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	<p>X Ltd. had issued 4,000 6% debenture of Rs. 100 each on 18 January 2006. Interest was payable half-yearly on 30 June and 31 December each year. They were repayable at par after 10 years with the option to redeem them at any time after 31 December 2010 as Rs. 103. On 1 January 2011, the balance in the debenture redemption fund A/c stood at Rs. 2,14,000 which was invested outside. On 30th June 2011, a notice was given for redemption of the above debenture with the option to receive one new 9% debenture of Rs. 100 each as Rs. 98 and Rs. 5 in cash for each 6% debenture in place of Rs. 103 in cash.</p> <p>The holders of 3,600 debentures exercised this option and the remaining were paid cash. The company sold investments costing Rs. 1,44,000 for Rs. 1,74,800. The company completed the redemption. Give necessary ledger accounts offered by the above transactions. Ignore the tax</p>	K4	CO1																																										
2	17	<p>The following ledger balances were extracted from the books of Varun Ltd. as on 31.3.2013:</p> <p>Land &amp; Building Rs.2,00,000; 12% Debentures Rs.2,00,000; share capital Rs.10,00,000 (equity shares of Rs.10 each fully paid up); Plant &amp; Machinery Rs.8,00,000; Goodwill Rs.2,00,000; Investment in shares of Raja 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; Proposed dividend Rs.55,000.</p> <p>Prepare the balance Sheet of the company as per Revised Schedule VI, Part I of the Companies Act 1956.</p>	K4	CO2																																										
3	18	<p>M Ltd. and N Ltd. agreed to amalgamate on the basis of the following Balance Sheets as on 31.3.97.</p> <table><tr><th>Liabilities</th><th>M</th><th>N Rs.</th><th>Assets</th><th>M</th><th>N Rs.</th></tr><tr><td>Share Capital : Rs.25 each</td><td>75,000</td><td>50,000</td><td>Goodwill</td><td>30,000</td><td>-</td></tr><tr><td>P &amp; L A/c</td><td>7,500</td><td>2,500</td><td>Fixed assets</td><td>31,500</td><td>38,800</td></tr><tr><td>Creditors</td><td>3,500</td><td>3,500</td><td>Stock</td><td>15,000</td><td>12,000</td></tr><tr><td>Depreciation fund</td><td>-----</td><td>2,500</td><td>Debtors</td><td>8,000</td><td>5,200</td></tr><tr><td></td><td>86,000</td><td>58,500</td><td>Bank</td><td>1,500</td><td>2,500</td></tr><tr><td></td><td></td><td></td><td></td><td>86,000</td><td>58,500</td></tr></table> <p>The assets and liabilities are to be taken over by a new company formed called P Ltd., at book values. P Ltd.'s capital is Rs. 2,00,000 divided into 10,000 equity shares of Rs. 10 each and 10,000 9% preference shares of Rs. 10 each.</p> <p>P Ltd. issued the equity shares equally to the vendor companies and preference shares were issued for any balance of purchase price.</p> <p>Pass Journal entries in the books of P Ltd. and prepare its Balance Sheet, if the amalgamation is in the nature of purchase.</p>	Liabilities	M	N Rs.	Assets	M	N Rs.	Share Capital : Rs.25 each	75,000	50,000	Goodwill	30,000	-	P & L A/c	7,500	2,500	Fixed assets	31,500	38,800	Creditors	3,500	3,500	Stock	15,000	12,000	Depreciation fund	-----	2,500	Debtors	8,000	5,200		86,000	58,500	Bank	1,500	2,500					86,000	58,500	K5	CO3
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4	19	From the following Balance Sheet relating to H Ltd. and S Ltd. Prepare a consolidated Balance Sheet.						K5	CO4
		Balance Sheet as on 31.12.1992							
		Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.		
		Share capital: Shares of Rs. 10 each Profit and Loss A/c Reserves Creditors Bills payable	10,00,000 4,00,000 1,00,000 2,00,000 ----- 17,00,000	2,00,000 1,20,000 60,000 1,20,000 30,000 5,30,000	Sundry fixed assets Stock Debtors Bills receivable Shares in S Ltd. at cost (1,500 shares)	8,00,000 6,10,000 1,30,000 10,000 1,50,000 17,00,000	1,20,000 2,40,000 1,70,000 ... --- 5,30,000		
5	20	a) All profits of S Ltd. have been earned after the shares were acquired by H Ltd. But there was already a reserve of Rs. 60,000 on that date. b) All the bills payable of S Ltd. were accepted in favour of H Ltd. c) The stock of H Ltd. includes Rs. 50,000 purchased from S Ltd. The profit added was 25% on cost.						K6	CO5
		Describe the methods of inflation accounting.							

Z-Z-Z      END