

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

MCom(CA) DEGREE EXAMINATION DECEMBER 2025  
(Second Semester)

Branch – COMMERCE WITH COMPUTER APPLICATION  
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	Shares issued to existing shareholders in proportion to their holdings are called _____. a) Equity Shares b) Preference Shares c) Rights Shares d) Bonus Shares	K1	CO1
	2	The amount received by a company for reissued forfeited shares is credited to _____. a) Capital Reserve b) Share Premium c) Share Forfeiture A/c d) Share Capital	K2	CO1
2	3	Profit and Loss Appropriation Account is prepared to show _____. a) Revenues b) Expenses c) Distribution of Profit d) Net Profit	K1	CO2
	4	In hotel accounting, income from room rent is shown under _____. a) Other Income b) Indirect Income c) Operating Income d) Direct Income	K2	CO2
3	5	The consideration paid by purchasing company to vendor company is known as _____. a) Share Capital b) Goodwill c) Capital Reserve d) Purchase Consideration	K1	CO3
	6	External reconstruction means _____. a) Internal adjustment of accounts b) Formation of a new company c) Amalgamation d) Reorganization without liquidation	K2	CO3
4	7	The portion of profit belonging to minority shareholders is called _____. a) Cost of Control b) Capital Profit c) Minority Interest d) Revenue Profit	K1	CO4
	8	The statement prepared by the liquidator showing the final realization and payments is called _____. a) Statement of Affairs b) Liquidator's Final Statement of Account c) Deficiency Account d) Cash Flow Statement	K2	CO4
5	9	The method that adjusts historical figures to current purchasing power is called _____. a) Inflationary Cost Accounting b) Current Purchasing Power Accounting c) Historical Cost Accounting d) Current Cost Accounting	K1	CO5
	10	The accounting which focuses on environmental costs and benefits to measure sustainability is called _____. a) Responsibility Accounting b) Social Accounting c) Green 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.	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%?  (OR)	K3	CO1

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1	11.b.	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.	K3	CO1																																																									
2	12.a.	<p>Following is the trial balance of Sriram Co. Ltd as at 31<sup>st</sup> March 2017</p> <table border="1"> <thead> <tr> <th></th> <th>Rs.</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Stock 31<sup>st</sup> March 2013</td> <td>75,000</td> <td>-</td> </tr> <tr> <td>Sales</td> <td>-</td> <td>3,50,000</td> </tr> <tr> <td>Purchases</td> <td>2,45,000</td> <td>-</td> </tr> <tr> <td>Wages</td> <td>50,000</td> <td>5,000</td> </tr> <tr> <td>Discount</td> <td>-</td> <td>-</td> </tr> <tr> <td>Furniture and fittings</td> <td>17,000</td> <td>-</td> </tr> <tr> <td>Salaries</td> <td>7,500</td> <td>-</td> </tr> <tr> <td>Rent</td> <td>4,950</td> <td>-</td> </tr> <tr> <td>Sundry expenses</td> <td>7,050</td> <td>15,030</td> </tr> <tr> <td>Surplus account 31<sup>st</sup> march 2013</td> <td>9,000</td> <td>-</td> </tr> <tr> <td>Dividends paid</td> <td>-</td> <td>1,00,000</td> </tr> <tr> <td>Share capital</td> <td>37,500</td> <td>17,500</td> </tr> <tr> <td>Debtors and creditors</td> <td>29,000</td> <td>-</td> </tr> <tr> <td>Plant and Machinery</td> <td>16,200</td> <td>-</td> </tr> <tr> <td>Cash and Bank</td> <td>-</td> <td>15,500</td> </tr> <tr> <td>Reserve</td> <td>-</td> <td>-</td> </tr> <tr> <td>Patents and Trade Mark</td> <td>4,830</td> <td>-</td> </tr> <tr> <td></td> <td>5,03,030</td> <td>5,03,030</td> </tr> </tbody> </table> <p>Prepare statement of profit and loss for the year ended 31<sup>st</sup> march 2014 and balance sheet as at that date. Take into consideration the following adjustments:</p> <ul style="list-style-type: none"> <li>i. Stock on 31<sup>st</sup> March, 2014 was valued at Rs.82,000</li> <li>ii. Depreciation on fixed assets @ 10%</li> <li>iii. Make a provision for income tax @ 50%</li> <li>iv. Ignore corporate dividend tax.</li> </ul>		Rs.	Rs.	Stock 31 <sup>st</sup> March 2013	75,000	-	Sales	-	3,50,000	Purchases	2,45,000	-	Wages	50,000	5,000	Discount	-	-	Furniture and fittings	17,000	-	Salaries	7,500	-	Rent	4,950	-	Sundry expenses	7,050	15,030	Surplus account 31 <sup>st</sup> march 2013	9,000	-	Dividends paid	-	1,00,000	Share capital	37,500	17,500	Debtors and creditors	29,000	-	Plant and Machinery	16,200	-	Cash and Bank	-	15,500	Reserve	-	-	Patents and Trade Mark	4,830	-		5,03,030	5,03,030	K3	CO1
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3	13.a.	<p>(OR)</p> <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> <p>Raman Ltd., agrees to purchase the business of Krishnan Ltd., on the following terms:</p> <ol style="list-style-type: none"> <li>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.</li> <li>b. 8% Debentures worth Rs.80,000 will be issued to settle the Rs. 60,000 9% debentures in Krishnan Ltd.</li> <li>c. Rs. 10,000 will be paid towards expenses of winding up.</li> </ol> <p>Calculate the purchase consideration</p>	K4	CO3																																																									

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		<p>The following is the Balance Sheet of Weak &amp; Co. as on 31.3.1999.</p> <table border="1"> <thead> <tr> <th>Liabilities</th><th>Rs.</th><th>Assets</th><th>Rs.</th></tr> </thead> <tbody> <tr> <td>1,00,000 equity shares of Rs. 10 each</td><td>10,00,000</td><td>Land</td><td>1,00,000</td></tr> <tr> <td>Sundry Creditors</td><td>1,73,000</td><td>Plant &amp; Machinery</td><td>2,30,000</td></tr> <tr> <td></td><td></td><td>Furniture &amp; Fittings</td><td>68,000</td></tr> <tr> <td></td><td></td><td>Stock</td><td>1,50,000</td></tr> <tr> <td></td><td></td><td>Debtors</td><td>70,000</td></tr> <tr> <td></td><td></td><td>Cash at Bank</td><td>5,000</td></tr> <tr> <td></td><td></td><td>P &amp; L a/c</td><td>5,50,000</td></tr> <tr> <td></td><td></td><td></td><td>11,73,000</td></tr> </tbody> </table>	Liabilities	Rs.	Assets	Rs.	1,00,000 equity shares of Rs. 10 each	10,00,000	Land	1,00,000	Sundry Creditors	1,73,000	Plant & Machinery	2,30,000			Furniture & Fittings	68,000			Stock	1,50,000			Debtors	70,000			Cash at Bank	5,000			P & L a/c	5,50,000				11,73,000						
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3	13.b.	<p>Scheme of Capital Reduction was:</p> <ol style="list-style-type: none"> <li>The equity shares to be reduced to Rs. 4 per share.</li> <li>Plant and Machinery to be written down to Rs.1,50,000.</li> <li>Stock to be revalued at Rs1,40,000.</li> <li>The provision on debtors for doubtful debts to be created Rs.2,000.</li> <li>Land to be revalued at Rs.1,42,000.</li> </ol> <p>Pass journal entries to give effect to the above arrangement and also prepare reconstruction a/c.</p>	K4	CO3																																								
4	14.a.	<p>The following particulars relate to a limited company which went into voluntary liquidation:</p> <table border="1"> <thead> <tr> <th></th><th>Rs.</th></tr> </thead> <tbody> <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> </tbody> </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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5	14.b.	<p>H Ltd. acquired 3,000 equity shares in S Ltd. on 1<sup>st</sup> April 1987. On 31<sup>st</sup> December 1987 the Balance Sheet of S Ltd. was as follows:</p> <table border="1"> <thead> <tr> <th>Liabilities</th><th>Rs.</th><th>Assets</th><th>Rs.</th></tr> </thead> <tbody> <tr> <td>Share Capital 4,000 equity shares of Rs.100 each</td><td>4,00,000</td><td>Sundry assets</td><td>6,40,000</td></tr> <tr> <td>General reserve on 1.1.87</td><td>80,000</td><td></td><td></td></tr> <tr> <td>Profit &amp; Loss A/c</td><td></td><td></td><td></td></tr> <tr> <td>Balance on 1.1.87 20,000</td><td></td><td></td><td></td></tr> <tr> <td>Profit for 1987 <u>80,000</u></td><td>1,00,000</td><td></td><td></td></tr> <tr> <td>Sundry Creditors</td><td>60,000</td><td></td><td></td></tr> <tr> <td></td><td></td><td></td><td></td></tr> <tr> <td></td><td></td><td></td><td>6,40,000</td></tr> <tr> <td></td><td></td><td></td><td>6,40,000</td></tr> </tbody> </table> <p>Ascertain capital profits and revenue profits.</p>	Liabilities	Rs.	Assets	Rs.	Share Capital 4,000 equity shares of Rs.100 each	4,00,000	Sundry assets	6,40,000	General reserve on 1.1.87	80,000			Profit & Loss A/c				Balance on 1.1.87 20,000				Profit for 1987 <u>80,000</u>	1,00,000			Sundry Creditors	60,000										6,40,000				6,40,000	K5	CO5
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5	15.a.	<p>What is Social Accounting? Explain the various methods used for measuring social costs and benefits in business organizations.</p>																																										
		(OR)																																										
	15.b.	Explain the concept, objectives, and importance of Green Accounting.																																										

**SECTION -C (30 Marks)**

Answer ANY THREE questions

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

Module No.	Question No.	Question	K Level	CO
1	16	<p>Alahabad Company Limited issued 5000 equity shares of Rs.10 each at a premium of Rs.4 per share. The money is payable as under Re.1 on application; Rs.6 (including premium) on allotment; Rs.3 on first call; and Rs.4 on final call.</p> <p>All the shares were duly subscribed; but on 1000 shares, the first call was not realized; and in respect of 1500 shares, the final call was not realized. These shares were forfeited and reissued at Rs. 9 per share.</p> <p>Draft the necessary journal entries to record these transactions.</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); Plat &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 border="1"> <thead> <tr> <th>Liabilities Rs.</th><th>M Rs.</th><th>N Rs.</th><th>Assets Rs.</th><th>M Rs.</th><th>N Rs.</th></tr> </thead> <tbody> <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></td><td></td><td>Bank</td><td>1,500</td><td>2,500</td></tr> <tr> <td></td><td>86,000</td><td>58,500</td><td></td><td>86,000</td><td>58,500</td></tr> </tbody> </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 Rs.	M Rs.	N Rs.	Assets Rs.	M Rs.	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				Bank	1,500	2,500		86,000	58,500		86,000	58,500	K5	CO3
Liabilities Rs.	M Rs.	N Rs.	Assets Rs.	M Rs.	N Rs.																																									
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4	19	<p>From the following Balance Sheet relating to H Ltd. and S Ltd. Prepare a consolidated Balance Sheet. Balance Sheet as on 31.12.1992</p> <table border="1"> <thead> <tr> <th>Liabilities</th><th>H Ltd. Rs.</th><th>S Ltd. Rs.</th><th>Assets</th><th>H Ltd. Rs.</th><th>S Ltd. Rs.</th></tr> </thead> <tbody> <tr> <td>Share capital: Shares of Rs. 10 each</td><td>10,00,000</td><td>2,00,000</td><td>Sundry fixed assets</td><td>8,00,000</td><td>1,20,000</td></tr> <tr> <td>Profit and Loss A/c</td><td>4,00,000</td><td>1,20,000</td><td>Stock</td><td>6,10,000</td><td>2,40,000</td></tr> <tr> <td>Reserves</td><td>1,00,000</td><td>60,000</td><td>Debtors</td><td>1,30,000</td><td>1,70,000</td></tr> <tr> <td>Creditors</td><td>2,00,000</td><td>1,20,000</td><td>Bills receivable</td><td>10,000</td><td>...</td></tr> <tr> <td>Bills payable</td><td>...</td><td>30,000</td><td>Shares in S Ltd. at cost (1,500 shares)</td><td>1,50,000</td><td>---</td></tr> <tr> <td></td><td>17,00,000</td><td>5,30,000</td><td></td><td>17,00,000</td><td>5,30,000</td></tr> </tbody> </table> <p>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.</p>	Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.	Share capital: Shares of Rs. 10 each	10,00,000	2,00,000	Sundry fixed assets	8,00,000	1,20,000	Profit and Loss A/c	4,00,000	1,20,000	Stock	6,10,000	2,40,000	Reserves	1,00,000	60,000	Debtors	1,30,000	1,70,000	Creditors	2,00,000	1,20,000	Bills receivable	10,000	...	Bills payable	...	30,000	Shares in S Ltd. at cost (1,500 shares)	1,50,000	---		17,00,000	5,30,000		17,00,000	5,30,000	K5	CO4
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5	20	Explain the concept of Inflation Accounting. Discuss in detail the different approaches to Price Level Accounting with suitable examples.	K5	CO5																																										