

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 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	The profit of post incorporation period is called _____ a) Revenue profit b) capital profit c) Both a & b d) none of these	K1	CO1
	2	The final accounts of companies are to be prepared in accordance with the provision of _____ of the Companies Act. a) Schedule VI b) Schedule III c) Schedule IX d) Schedule II	K2	CO1
2	3	Which of the following methods are used for the valuation of goodwill? a) Super profit method b) Weighted profit method c) Average profit method d) All of these	K1	CO2
	4	A contributory is a _____ a) Unsecured creditor b) Preferential creditor c) Shareholder d) Debenture holder	K2	CO2
3	5	Purchase consideration is payable in _____ a) Cash b) Shares c) Debentures d) All of these	K1	CO3
	6	Accounting standard for amalgamation is _____ a) AS-8 b) AS-20 c) AS-14 d) AS-3	K2	CO3
4	7	A holding company is a company that _____ a) Manufactures goods b) Holds shares in another company to control it c) Provides financial consultancy d) Works under another company	K1	CO4
	8	The company whose shares are held by a holding company is called _____ a) Subsidiary company b) Parent company c) Associate company d) Government company	K2	CO4
5	9	The financial statements of banking companies are prepared as per _____ a) Companies Act, 2013 b) RBI Act, 1934 c) Banking Regulation Act, 1949 d) SEBI Act, 1992	K1	CO5
	10	Schedule 1 of the banking company's balance sheet shows _____ a) Reserves & Surplus b) Cash in hand c) Borrowings d) Share Capital	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.	Raj, a small scale industrialist decided to convert his firm into a limited company with effect from 1 <sup>st</sup> April 2006. But he obtained the certificate of incorporation on 1 <sup>st</sup> August 2006 and the certificate to commence business on 1 <sup>st</sup> October 2006. His accounts were closed on 31 <sup>st</sup> December 2006. Find out the time ratio.  (OR)	K2	CO1
	11.b.	Prepare the balance sheet of a company in the prescribed format. Goodwill Rs. 1,50,000, Investment Rs. 2,00,000, Share capital Rs.5,00,000, Reserve 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 Rs.30,000, Unsecured loan Rs. 65,000, Creditors Rs. 35,000.	K2	CO1
2	12.a.	Write a note on liquidator's final statement of account.  (OR)	K2	CO2

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	12.b.	Calculate the amount of goodwill by capitalizing super profits. The average net profits of a business as adjusted for valuation of goodwill amounted to Rs.2,35,450. The net tangible assets employed were of the value of Rs.14,50,000. But upon valuation, they amounted to Rs.15,00,000. Assuming that 10% represented a fair commercial return.	K2	CO2																									
3	13.a.	What are the calculations of purchase consideration? (OR)	K3	CO3																									
	13.b.	Calculate purchase consideration if Raman Ltd., agrees to purchase the business of Krishnan Ltd., on the following terms: 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. b) 8% Debentures worth Rs.80,000 will be issued to settle the Rs.60,000, 9% debentures in Krishnan Ltd. c) Rs.10,000 will be paid towards expenses of winding up.	K3	CO3																									
4	14.a.	Calculate Capital Profits and Revenue Profits. H Ltd., Purchased 75% of shares in S Ltd., on 1-7-2010. On 31-12-2010 the Balance Sheet of S Ltd. Showed Reserve Fund balance on 1-1-2010 Rs.40,000, profit earned during 2010 Rs.60,000 and Preliminary expenses unwritten off Rs.20,000. (OR)	K3	CO4																									
	14.b.	Calculate the value of goodwill or capital reserve. A subsidiary company has a capital of Rs. 5,00,000 in shares of Rs.100 each out of which the holding company acquired 80% of the shares at Rs.6,00,000. The profits of the subsidiary Co. on the date of acquisition of shares by the holding Co. were Rs. 3,00,000.	K3	CO4																									
5	15.a.	Calculate the amount of provision to be made by the bank against the below mentioned advances. On 31 <sup>st</sup> March 2010, Bharat Commercial Bank Ltd., finds its advances classified as follows: <table border="1"><thead><tr><th>Particulars</th><th>Rs.</th></tr></thead><tbody><tr><td>Standard Assets</td><td>14,91,300</td></tr><tr><td>Sub-Standard Assets</td><td>92,800</td></tr><tr><td><u>Doubtful Assets (Secured):</u></td><td></td></tr><tr><td>    One Year</td><td>25,660</td></tr><tr><td>    One Year to Three Years</td><td>15,640</td></tr><tr><td>    More than Three Years</td><td>6,580</td></tr><tr><td>Loss Assets</td><td>10,350</td></tr></tbody></table> (OR)	Particulars	Rs.	Standard Assets	14,91,300	Sub-Standard Assets	92,800	<u>Doubtful Assets (Secured):</u>		One Year	25,660	One Year to Three Years	15,640	More than Three Years	6,580	Loss Assets	10,350	K4	CO5									
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15.b.	Prepare the profit and loss account of Chennai bank Ltd for the year ending 31.3.2002. <table border="1"><thead><tr><th>Particulars</th><th>Rs.</th></tr></thead><tbody><tr><td>Interest on deposits</td><td>3,200</td></tr><tr><td>Commission(Cr)</td><td>100</td></tr><tr><td>Interest on Loans</td><td>2,490</td></tr><tr><td>Sundry Charges (Dr)</td><td>100</td></tr><tr><td>Rent</td><td>200</td></tr><tr><td>Establishment</td><td>500</td></tr><tr><td>Discount on bills discounted</td><td>1,490</td></tr><tr><td>Interest on overdrafts</td><td>1,600</td></tr><tr><td>Interest on cash credits</td><td>2,320</td></tr><tr><td>Auditors fees</td><td>35</td></tr><tr><td>Directors fees</td><td>16</td></tr><tr><td>Bad debts to be written off</td><td>300</td></tr></tbody></table>	Particulars	Rs.	Interest on deposits	3,200	Commission(Cr)	100	Interest on Loans	2,490	Sundry Charges (Dr)	100	Rent	200	Establishment	500	Discount on bills discounted	1,490	Interest on overdrafts	1,600	Interest on cash credits	2,320	Auditors fees	35	Directors fees	16	Bad debts to be written off	300	K4	CO5
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**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	"A" Co. Ltd. was incorporated on May 1, 2008 to take over the business of "X & Co." as a going concern from January 1,2008. The profit and loss account for the year ending December 31,2008 was follows: Profit & Loss Account of "A" Co. Ltd. For the year ended 31.12.2008	K4	CO1

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## Question No.16 Cont....

		Dr				Cr				K4	CO1																																																						
		Particulars		Rs.	Particulars		Rs.																																																										
1	16	To Rent and Taxes	12,000		By Trading account		1,55,000																																																										
		To Insurance	3,000		(Gross Profit)																																																												
		To Electricity Charges	2,400																																																														
		To Salaries	36,000																																																														
		To Directors fees	3,000																																																														
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		To Discount	3,500																																																														
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		To Carriage	3,000																																																														
		To Bank charges	1,500																																																														
		To Preliminary expenses	6,500																																																														
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		To Net Profit	60,000																																																														
			1,55,000				1,55,000																																																										
		The total turnover for the year ending December 31,2008 was Rs. 5,00,000 divided into Rs.1,50,000 for the period upto May 1,2008 and Rs.3,50,000 for the remaining period.																																																															
2	17	The following particulars relate to a limited company which went into voluntary liquidation: Preferential creditors Rs.25,000 Unsecured Creditors Rs.58,000 6% debentures Rs.30,000 The assets realized Rs.80,000. The expenses of liquidation amounted to Rs.1,500 and the liquidations remuneration was agreed at 2.5% on the amount realized and 2% on the amount paid to unsecured creditors including preferential creditors. Show the liquidators final statement of account.																																																															
3	18	Prepare the journal and Balance sheet in the books of the transferee company,assuming that the amalgamation is in the nature of purchase. Raman Ltd. And Sivan Ltd. Have agreed to amalgamate. A new company, Sivaram Ltd. has been formed to take over the running concerns as on 31.12.2015. The following balance sheets the position of the companies amalgamating.																																																															
		<table border="1"> <thead> <tr> <th>Liabilities</th> <th>Raman Ltd. Rs.</th> <th>Sivan Ltd. Rs.</th> <th>Assets</th> <th>Raman Ltd. Rs.</th> <th>Sivan Ltd. Rs.</th> </tr> </thead> <tbody> <tr> <td>Share capital</td> <td>20,000</td> <td>50,000</td> <td>Goodwill</td> <td>-</td> <td>6,000</td> </tr> <tr> <td>Rs.10 each</td> <td></td> <td></td> <td>Plant</td> <td>14,000</td> <td>20,000</td> </tr> <tr> <td>General reserve</td> <td>16,000</td> <td>-</td> <td>Furniture</td> <td>8,000</td> <td>12,000</td> </tr> <tr> <td>Capital reserve</td> <td>-</td> <td>4,000</td> <td>Stock</td> <td>16,000</td> <td>8,000</td> </tr> <tr> <td>P &amp; L A/c</td> <td>4,000</td> <td>-</td> <td>Sundry debtors</td> <td>10,000</td> <td>17,000</td> </tr> <tr> <td>Loan from bank</td> <td>10,000</td> <td>16,000</td> <td>Cash at bank</td> <td>12,000</td> <td>7,000</td> </tr> <tr> <td>Creditors</td> <td>10,000</td> <td>6,000</td> <td>P &amp; L A/c</td> <td>-</td> <td>6,000</td> </tr> <tr> <td></td> <td>60,000</td> <td>76,000</td> <td></td> <td>60,000</td> <td>76,000</td> </tr> </tbody> </table>										Liabilities	Raman Ltd. Rs.	Sivan Ltd. Rs.	Assets	Raman Ltd. Rs.	Sivan Ltd. Rs.	Share capital	20,000	50,000	Goodwill	-	6,000	Rs.10 each			Plant	14,000	20,000	General reserve	16,000	-	Furniture	8,000	12,000	Capital reserve	-	4,000	Stock	16,000	8,000	P & L A/c	4,000	-	Sundry debtors	10,000	17,000	Loan from bank	10,000	16,000	Cash at bank	12,000	7,000	Creditors	10,000	6,000	P & L A/c	-	6,000		60,000	76,000		60,000	76,000
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		Sivaram Ltd. took over all the assets and liabilities of both the transferor companies at book values expect cash at bank, creditors and the goodwill of Sivan Ltd. which was considered worthless. The purchase consideration was agreed at Rs.60,000 for Raman Ltd. and Rs.40,000 for Sivan Ltd. Fully paid equity shares of Rs.10 each were issued to settle the purchase price for both the companies. Cash at Bank of both the companies was exactly sufficient to settle their creditors at 10 % discount and pay the liquidation expenses.																																																															
4	19	Explain the methods of consolidated the balance sheet of a holding company and its subsidiaries.																																																															
5	20	Discuss the legal restrictions imposed on banking companies.																																																															

