

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

**BCom DEGREE EXAMINATION DECEMBER 2025**  
(Fourth Semester)

**Branch – COMMERCE (COST & MANAGEMENT ACCOUNTING)**

**CORPORATE ACCOUNTING**

Time: Three Hours

Maximum: 75 Marks

**SECTION-A (10 Marks)**

Answer ALL questions

ALL questions carry EQUAL marks

$(10 \times 1 = 10)$

Q. No.	Question	K Level	CO
1	Which document is issued to the public when a company offers its shares or debentures? a) Articles of Association      b) Memorandum of Association c) Prospectus      d) Certificate of Incorporation	K1	CO1
2	The commission payable to underwriters for their services is called: a) Brokerage      b) Discount c) Underwriting commission      d) Service charge	K2	CO1
3	Which account is credited when preference shares are redeemed out of profits? a) Share Capital Account      b) Capital Redemption Reserve Account c) General Reserve Account      d) Profit and Loss Account	K1	CO2
4	When debentures are redeemed out of profits, the amount is transferred to: a) Profit and Loss Account      b) Debenture Redemption Reserve c) General Reserve      d) Capital Redemption Reserve	K2	CO2
5	Which of these is NOT included in the final accounts? a) Profit and Loss Account      b) Cash Book c) Balance Sheet      d) Notes to Accounts	K1	CO3
6	The remuneration payable to a managing director, whole-time director, or manager without the approval of the general meeting shall not exceed: a) 2% of net profits      b) 3% of net profits c) 5% of net profits      d) 10% of net profits	K2	CO3
7	Super profit is defined as: a) Total profit of the company      b) Excess profit earned over the normal return c) Profit before tax      d) Reserve profit of the company	K1	CO4
8	In liquidation, the first priority for payment is given to: a) Unsecured creditors      b) Secured creditors c) Preferential creditors      d) Shareholders	K2	CO4
9	A company controlled by a holding company is known as: a) Joint venture      b) Subsidiary company c) Associate company      d) Partnership firm	K1	CO5
10	Cost of control is also known as: a) Minority interest      b) Goodwill or Capital Reserve c) Revenue reserve      d) Capital profit	K2	CO5

**SECTION - B (35 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks

$(5 \times 7 = 35)$

Q. No.	Question	K Level	CO
11.a.	Ganesh Ltd. Issued prospects inviting applications for 10,000 equity shares of Rs.10 each, payable as follows: On application      Rs. 2 per share On allotment      Rs. 4 per share On first call      Rs. 4 per share The issue is fully subscribed. Prepare journal entries in the books of Ganesh Ltd. If all payments due as stated above were received.	K2	CO1
11.b.	(OR)		
11.b.	Explain the meaning of debenture and its characteristics.		

The Balance sheet of Exchange Ltd., as on 31.12.1997 was as follows:

Liabilities	Rs.	Assets	Rs.
Shares Capital:		Sundry assets	9,20,000
50,000 Equity Shares of Rs.10 each, fully paid	5,00,000	Bank balance	6,00,000
4,000 Redeemable Preference Shares of Rs.100 each fully paid	4,00,000		
Profit and loss A/c	5,20,000		
Creditors	1,00,000		
	15,20,000		15,20,000

12.a.

K3 CO2

On the above date, the preference shares were redeemed at a premium of 10%. You are required to pass journal entries.

(OR)

12.b.

Identify the provisions of the Companies Act regarding the redemption of preference share.

Nathiya Ltd., has a credit balance of P&L a/c of Rs.3,00,000 on 1.4.2000 and the net profit for the year 200-01 Rs.30,00,000. It was decided that the following decisions be carried out regarding provisions, reserves and dividends:

- General Reserve Rs.3,50,000
- Investment Allowance Reserve Rs.3,50,000
- Provision for taxation @ 50%
- Dividend equalization fund a/c Rs.2,00,000
- Dividend on 10% preference shares of Rs.20,00,000
- Dividend at 15% on 3,00,000 equity shares of Rs.10 each fully paid.

You are required to give P&L Appropriation a/c.

(OR)

13.b.

Build the difference between revenue reserve and capital reserve.

From the following information calculate the value per equity share:

	Rs.
5,000 8% preference shares of Rs.100 each	5,00,000
75,000 equity shares of Rs.10 each, Rs.8 per share paid up	6,00,000
Expected profits per year before tax	2,80,000
Rate of tax	50%
Transfer to general reserve every year	20% of the profit
Normal rate of earnings	10%

(OR)

The following particulars relate to a limited company which went into voluntary liquidation:

	Rs.
Preferential creditors-	24,000
Unsecured creditors-	58,000
6% debentures-	30,000

The assets realized Rs 80,000. The expenses of liquidation amounted to Rs 1,500 and the liquidator's remuneration was agreed at 2.5% on the amount realized and 2% on the amount paid to unsecured creditors including preferential creditors.

Show the liquidator's final statement of account.

Calculate a consolidated balance sheet for the following Balance Sheet as on 31<sup>st</sup> Dec. 2014

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Shares			Sundry assets		
Capital of Rs.10 each	1,00,000	50,000	Investment: 5,000 shares at par	1,50,000	80,000
Sundry creditors	1,00,000	30,000		50,000	-
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	2,00,000	80,000		2,00,000	80,000

(OR)

Cont...

15.a.

K4 CO5

15.b.	The following Balance Sheet as on 31.3.2021.						K4	CO5
	Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.		
	Shares Capital of Re.1 each	12,000	6,000	Sundry assets Investment: 6,000 shares S Ltd.	20,000	12,000		
	Reserve	3,000	2,000					
	P&L A/c	2,000	1,000		7,500	-		
	Sundry liabilities	10,500	3,000					
		27,500	12,000		27,500	12,000		

H Ltd. Has acquired shares in S Ltd. on 31.3.2021. prepare consolidated Balance Sheet as on 31.3.2021.

**SECTION -C (30 Marks)**

Answer ANY THREE questions

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

Q. No.	Question	K Level	CO																						
16	<p>Velu Ltd., issued 1,00,000 equity shares. Whole of the issue was underwritten as follows. A – 405; B – 30%; C- 30%</p> <p>Application for 80,000 shares were received in all, out of the which application for 20,000 shares had the stamp of A, those for 10,000 shares that of B; and 20,000 shares that of C. the remaining applications for 30,000 shares did not bear any stamp. Show the net liability of the underwriters.</p>	K1	CO1																						
17	<p>X Ltd., issued 1,000 8% debentures of Rs.100 each. Show the journal entries in the books of the company, if the denture were issued as follows:</p> <ol style="list-style-type: none"> <li>Issued at par, redeemable at par.</li> <li>Issued at a discount of 5%, repayable at par.</li> <li>Issued at a premium of 10%, repayable at pat.</li> <li>Issued at par, redeemable at a premium of 10%</li> <li>Issued at discount of 5%, repayable at a premium of 10%</li> </ol>	K4	CO2																						
18	<p>Determine the maximum remuneration payable to the part time directors and manager of X Ltd. (a manufacturing company) under section 309 and 387 of the companies' act 1956 from the following particulars:</p> <p>Before charging any such remuneration, the profit &amp; loss account showed a credit balance of Rs.23,05,000 for the year ended 31<sup>st</sup> March 2014 after taking into account the following matters:</p> <table> <thead> <tr> <th></th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>i. Profit on sale of investments</td> <td>2,05,000</td> </tr> <tr> <td>ii. Subsidy received from government</td> <td>4,10,000</td> </tr> <tr> <td>iii. Loss on sale of fixed assets</td> <td>65,000</td> </tr> <tr> <td>iv. Ex- gratia to an employee</td> <td>30,000</td> </tr> <tr> <td>v. Compensation paid to injured workman</td> <td>75,000</td> </tr> <tr> <td>vi. Provision for taxation</td> <td>2,79,000</td> </tr> <tr> <td>vii. Bonus to foreign technicians</td> <td>3,12,000</td> </tr> <tr> <td>viii. Multiple shift allowance</td> <td>1,00,000</td> </tr> <tr> <td>ix. Special depreciation</td> <td>75,000</td> </tr> <tr> <td>x. Capital expenditure</td> <td>5,10,000</td> </tr> </tbody> </table> <p>Company is providing depreciation as per section 350 of the companies' act 1956.</p>		Rs.	i. Profit on sale of investments	2,05,000	ii. Subsidy received from government	4,10,000	iii. Loss on sale of fixed assets	65,000	iv. Ex- gratia to an employee	30,000	v. Compensation paid to injured workman	75,000	vi. Provision for taxation	2,79,000	vii. Bonus to foreign technicians	3,12,000	viii. Multiple shift allowance	1,00,000	ix. Special depreciation	75,000	x. Capital expenditure	5,10,000	K4	CO3
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19	<p>A firm earned net profits during the last three years as follows:</p> <table> <thead> <tr> <th></th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>I year</td> <td>36,000</td> </tr> <tr> <td>II year</td> <td>40,000</td> </tr> <tr> <td>III year</td> <td>44,000</td> </tr> </tbody> </table> <p>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.</p>		Rs.	I year	36,000	II year	40,000	III year	44,000	K2	CO4														
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20	Select the key elements for preparing Consolidated statements and explain their significance.	K3	CO5																						

