

**PSG COLLEGE OF ARTS & SCIENCE**  
(AUTONOMOUS)  
**BCom DEGREE EXAMINATION DECEMBER 2025**  
(Fourth Semester)

Common to Branches – **COMMERCE/ COMMERCE (A&F)/ COMMERCE (RM)/ COMMERCE(FS)/  
COMMERCE (BPS)**

**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	The profit on re-issue of forfeited shares is transferred to a) General Reserve                      b) Capital Reserve c) Capital Redemption Reserve      d) Profit & Loss A/c	K1	CO1
	2	If the whole of the issue of shares or debentures is underwritten, it is known as a) Partial underwriting                  b) Incomplete underwriting c) Complete underwriting              d) None of these	K2	CO1
2	3	Transfer to Capital Redemption Reserve a/c is not allowed from a) P&L a/c                                  b) Debenture redemption fund c) Workmen's Accident fund          d) Profit prior to incorporation	K1	CO2
	4	Interest on debentures is normally payable a) Half yearly      b) Quarterly      c) Annually      d) Monthly	K2	CO2
3	5	Bank overdraft is shown in the balance sheet of a company as a) Long-term borrowings              b) Short-term borrowings c) Other current liabilities              d) None of these	K1	CO3
	6	The salary paid to the Manager, for a period before acquisition of business, should be a) Divided in time ratio                  b) Posted in Pre-Incorporation period c) Posted in Post-Incorporation period d) Divided in adjusted time ratio	K2	CO3
4	7	For calculating the value of equity shares by intrinsic value method, it is essential to know a) Normal rate of return                  b) Expected rate of return c) Net Assets                                d) None of the above	K1	CO4
	8	List 'A' in statement of affairs gives the list of a) Assets specifically pledged              b) Assets not specifically pledged c) Preferential creditors                  d) Unsecured creditors	K2	CO4
5	9	Under double account system, interest on debentures is shown in a) Revenue A/c                              b) Net Revenue A/c c) Capital A/c                                d) General Balance Sheet	K1	CO5
	10	Measurement of the value of human resources is based on the _____ a) Stock concept in accounting          b) Future profit concept c) Ownership concept of an asset      d) None of these	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.	K Ltd., purchased the business of Mani Bros. for Rs. 54,00,000 payable in full paid shares of Rs. 100 each. What entries will be made in the books of K Ltd., if such issue is (i) at Par (ii) at a premium of 20% and (iii) at a discount of 10%?	K4	CO1
		(OR)		
2	11.b.	The directors of Z Co. Ltd., forfeit 10 shares of Rs.50 each belonging to Nimalan who had paid Rs.5 per share on application, Rs.10 on allotment and Rs.15 on first call but failed to pay the final call of Rs.20. The same shares are then reissued to Sai as fully paid on receipt of Rs.400. Pass journal entries with narration to record this forfeiture and the reissue of shares.	K4	CO2
	12.a.	Mass Ltd., has part of its share capital as 5,000 Redeemable Preference Shares of Rs.100 each. When the shares became due for redemption, the company decided that the whole amount will be redeemed out of a fresh issue of equal amount of equity shares of Rs.10 each. Show the journal entries in the books of the company.		
		(OR)		
	12.b.	Rashid Ltd. has Rs. 10,00,000 8% debentures outstanding on 1-1-96. The company has been redeeming every year on January 1 <sup>st</sup> Rs.1,00,000 debentures by lot, at par. Give necessary journal entries: i) If the redemption is out of profits. ii) If the redemption is out of capital.		

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3	13.a.	Determine the maximum remuneration payable to the part-time directors and Manager of B Ltd., under Section 309 and 387 of the Companies Act, 1956 from the following particulars: Before charging any such remuneration, the Profit & Loss account showed a credit balance of Rs.23,05,000 for the year ended 31 <sup>st</sup> March 2018 after taking into account the following matters:	K5	CO3																						
		<table><tr><td></td><td>Rs.</td></tr><tr><td>Profit on sale of investments</td><td>2,05,000</td></tr><tr><td>Subsidy received from government</td><td>4,10,000</td></tr><tr><td>Loss on sale of fixed assets</td><td>65,000</td></tr><tr><td>Ex-gratia to an employee</td><td>30,000</td></tr><tr><td>Compensation paid to injured workman</td><td>75,000</td></tr><tr><td>Provision for taxation</td><td>2,79,000</td></tr><tr><td>Bonus to foreign technicians</td><td>3,12,000</td></tr><tr><td>Multiple shift allowance</td><td>1,00,000</td></tr><tr><td>Special depreciation</td><td>75,000</td></tr><tr><td>Capital expenditure</td><td>5,10,000</td></tr></table>				Rs.	Profit on sale of investments	2,05,000	Subsidy received from government	4,10,000	Loss on sale of fixed assets	65,000	Ex-gratia to an employee	30,000	Compensation paid to injured workman	75,000	Provision for taxation	2,79,000	Bonus to foreign technicians	3,12,000	Multiple shift allowance	1,00,000	Special depreciation	75,000	Capital expenditure	5,10,000
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Company is providing depreciation as per Section 350 of the Companies Act 1956.																										
(OR)																										
13.b.	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 & 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 Rs.65,000; Sundry creditors Rs.35,000.																									
4	14.a.	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, calculate the amount of goodwill by capitalizing super profits.	K6	CO4																						
	(OR)																									
	14.b.	Calculate the Yield value per share from the following information: 40,000 Equity shares of Rs.10 each fully paid Normal rate of return: 8% Expected rate of return: 12%																								
	5	15.a.			An electricity company earned a profit of Rs. 18,50,000 during 2003-04. The capital base was Rs. 1,50,00,000 after deducting the Electricity Board loan of Rs. 50,00,000. Besides the company had a reserve of Rs. 10,00,000 invested in 5% Govt. securities. Calculate Reasonable Return and amount refundable to consumers. (Assume RBI Rate as 8%).	K5	CO5																			
(OR)																										
15.b.		Examine the advantages 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	<p>Varun Ltd., issued 40,000 shares of Rs.10 each at a premium of Rs.2 per share. The shares were payable as follows:</p> <p>Rs. 2 on application Rs. 5 on allotment (including premium) Rs. 5 on first &amp; final call</p> <p>All the shares were applied for and allotted. All money were received with the exception of the first and final call on 1,000 shares which were forfeited. 400 of these were reissued as fully paid at Rs.8 per share. Give the necessary journal entries and prepare balance sheet of the company.</p>	K6	CO1
2	17	<p>Rocky Ltd. Issued 1,000 8% debentures of Rs.100 each. Give appropriate Journal entries in the books of the company, if the debenture were issued as follows:</p> <p>i. Issued at par, redeemable at par. ii. Issued at a discount of 5%, repayable at par. iii. Issued at a premium of 10%, repayable at par. iv. Issued at par, redeemable at a premium of 10%. v. Issued at a discount of 5%, repayable at a premium of 10%.</p> <p>You are also required to show how the items concerned appear in the Balance Sheet of the above cases.</p>	K5	CO2

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3	18	<p>AB Ltd. is a company with an authorized capital of Rs.5,00,000 divided into 5,000 equity shares of Rs.100 each on 31-12-2015 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31-12-2015</p> <table><tr><th>Debit</th><th>Rs.</th><th>Credit</th><th>Rs.</th></tr><tr><td>Opening Stock</td><td>50,000</td><td>Sales</td><td>3,25,000</td></tr><tr><td>Purchases</td><td>2,00,000</td><td>Creditors</td><td>35,200</td></tr><tr><td>Wages</td><td>70,000</td><td>Discount received</td><td>3,150</td></tr><tr><td>Discount</td><td>4,200</td><td>P &amp; L A/c</td><td>6,220</td></tr><tr><td>Insurance (upto 31-3-2016)</td><td>6,720</td><td>Reserves</td><td>25,000</td></tr><tr><td>Salaries</td><td></td><td>Loan from M.D.</td><td></td></tr><tr><td>Rent</td><td>18,500</td><td>Share capital</td><td>15,700</td></tr><tr><td>General Expenses</td><td>6,000</td><td></td><td></td></tr><tr><td>Printing</td><td>8,950</td><td></td><td></td></tr><tr><td>Advertisements</td><td>2,400</td><td></td><td>2,50,000</td></tr><tr><td>Bonus</td><td>3,800</td><td></td><td></td></tr><tr><td>Debtors</td><td>10,500</td><td></td><td></td></tr><tr><td>Plant</td><td>38,700</td><td></td><td></td></tr><tr><td>Furniture</td><td>1,80,500</td><td></td><td></td></tr><tr><td>Bank</td><td>17,100</td><td></td><td></td></tr><tr><td>Bad debts</td><td>34,700</td><td></td><td></td></tr><tr><td>Calls-in-arrears</td><td>3,200</td><td></td><td></td></tr><tr><td></td><td>5,000</td><td></td><td></td></tr><tr><td>Total</td><td>6,60,270</td><td>Total</td><td>6,60,270</td></tr></table> <p>You are required to prepare statement of Profit &amp; Loss for the year ended 31-12-2015 and a balance sheet as on that date. The following further information is given:</p> <p>i. closing stock was valued at Rs.1,91,500.</p> <p>ii. Depreciation on plant at 15% and on furniture at 10% should be provided.</p> <p>iii. A tax provision of Rs.8,000 is considered necessary.</p> <p>iv. The directors declared an interim dividend on 15-08-2015 for 6 months ending June 30, 2015@6%.</p> <p>v. Provide for corporate dividend tax @17%.</p>	Debit	Rs.	Credit	Rs.	Opening Stock	50,000	Sales	3,25,000	Purchases	2,00,000	Creditors	35,200	Wages	70,000	Discount received	3,150	Discount	4,200	P & L A/c	6,220	Insurance (upto 31-3-2016)	6,720	Reserves	25,000	Salaries		Loan from M.D.		Rent	18,500	Share capital	15,700	General Expenses	6,000			Printing	8,950			Advertisements	2,400		2,50,000	Bonus	3,800			Debtors	10,500			Plant	38,700			Furniture	1,80,500			Bank	17,100			Bad debts	34,700			Calls-in-arrears	3,200				5,000			Total	6,60,270	Total	6,60,270	K4	CO3
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4	19	<p>A company went into voluntary liquidation on 31-3-2012. When the following Balance Sheet was prepared:</p> <table><tr><th>Liabilities</th><th>Rs.</th><th>Assets</th><th>Rs.</th></tr><tr><td><u>Authorised Capital</u> 4000 shares of Rs.10 each</td><td>40,000</td><td>Goodwill</td><td>6,560</td></tr><tr><td><u>Issued Capital</u> 3000 shares of Rs.10 each</td><td>30,000</td><td>Free hold property</td><td>5,000</td></tr><tr><td>Unsecured creditors</td><td>15,432</td><td>Machinery</td><td>7,480</td></tr><tr><td>Partly secured creditors</td><td>5,836</td><td>Stock</td><td>11,710</td></tr><tr><td>Preferential creditors</td><td>810</td><td>Debtors</td><td>9,244</td></tr><tr><td>Bank overdraft (unsecured)</td><td>232</td><td>Cash</td><td>100</td></tr><tr><td></td><td></td><td>Profit &amp; Loss a/c</td><td>11,816</td></tr><tr><td></td><td>52,310</td><td></td><td></td></tr><tr><td></td><td></td><td></td><td>52,310</td></tr></table> <p>The liquidator realized the assets as follows: Free hold property which was used in the first instance to pay the partly secured creditors pro-rata Rs.3,600; Machinery Rs.5,000; Stock Rs.6,200; Debtors Rs.8,700; Cash Rs.100.</p> <p>The expenses of liquidation amounted to Rs. 100 and the liquidators' remuneration was agreed at 2.5% on the amount realized including cash and 2% on the amount paid to unsecured creditors.</p> <p>Prepare the liquidator's final statement of account.</p>	Liabilities	Rs.	Assets	Rs.	<u>Authorised Capital</u> 4000 shares of Rs.10 each	40,000	Goodwill	6,560	<u>Issued Capital</u> 3000 shares of Rs.10 each	30,000	Free hold property	5,000	Unsecured creditors	15,432	Machinery	7,480	Partly secured creditors	5,836	Stock	11,710	Preferential creditors	810	Debtors	9,244	Bank overdraft (unsecured)	232	Cash	100			Profit & Loss a/c	11,816		52,310						52,310	K4	CO4																																								
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5	20	<p>Critically analyze the different 'value based methods' of valuing human resources.</p>	K5	CO5																																																																																