23CSU411N

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom (CS) DEGREE EXAMINATION MAY 2026
(Fourth Semester)

Branch – **CORPORATE SECRETARYSHIP**

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	Share Application is ________ a) Personal A/c b) Real A/c c) Impersonal A/c d) Nominal A/c	K1	CO1
	2	Debenture holders is ________ a) Customers of the Company b) Creditors of the company c) Owners of the Company d) Shareholders	K2	CO1
2	3	Profit prior to incorporation is treated as: a) Revenue profit and transferred to Profit & Loss Account b) Capital profit and transferred to Capital Reserve c) Deferred revenue expenditure d) Operating profit and distributed as dividend	K1	CO2
	4	Dividend is paid on ________ a) Authorized Capital b) Issued Capital c) Called up Capital d) Paid up Capital	K2	CO2
3	5	The capital reduction scheme can be implemented only after getting permission from ____ a) Central Government b) Controller of capital issues c) Share holders d) the competent court.	K1	CO3
	6	Alteration of share capital is effected by a company if it is authorized by the ____ a) Memorandum of Association b) Articles of Association c) Share holders d) Board of Directors.	K2	CO3
4	7	Accounting standard for amalgamation is_______ a) AS-8 b) AS-20 c) AS-14 d) AS-3	K1	CO4
	8	Pooling of interest method is used to account for Amalgamation in the nature of ______ a) Purchase b) Sales c) Merger d) Merger and Sales	K2	CO4
5	9	Goodwill is ______ a) Tangible Assets b) Intangible Assets c) Miscellaneous Expenditure d) Fictitious Asset	K1	CO5
	10	Under net asset method the value of a share depends on the amount that would be available to _____ a) Preference shareholders b) Equity shareholders c) Creditors d) Debenture	K2	CO5

Cont…

SECTION - B (35 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** Marks (5 × 7 = 35)

<table>
<tr><th>Module No.</th><th>Question No.</th><th>Question</th><th>K Level</th><th>CO</th></tr>
<tr><td rowspan="3">1</td><td>11.a.</td><td>A Ltd issued 2000 shares of Rs.100 each at a premium of 10% payable as follows;
Rs.25 on application, Rs.35 on allotment (including premium), Rs.20 on first call, Rs.30 on final call. 1800 shares were applied for and allotted. All the money was received with the exception of first and final calls on 200 shares held by R. These shares were forfeited. Give journal Entries.</td><td rowspan="3">K3</td><td rowspan="3">CO1</td></tr>
<tr><td colspan="2">(OR)</td></tr>
<tr><td>11.b.</td><td>Examine the rules regarding redemption of Preference shares.</td></tr>
<tr><td rowspan="3">2</td><td>12.a.</td><td>Raj A Ltd. was incorporated on 1-7-2021, which took over a running concern with effect from1-1-2021. The sales for the period upto 1-7-2021 was Rs. 2,70,000 and the sales from 1-7-2021 to 31-12-2021 amounted to Rs. 3,30,000.The expenses debited to profit and loss account included:
<table><tr><th>Particulars</th><th>Rs</th></tr><tr><td>Director's fees</td><td>15,000</td></tr><tr><td>Bad Debts</td><td>1,800</td></tr><tr><td>Advertisement (Rs.500 per month)</td><td>6,000</td></tr><tr><td>Salaries and General Expenses</td><td>32,000</td></tr><tr><td>Preliminary expense written off</td><td>3000</td></tr></table>The gross profit was (1-1-21 to 31-12-21)
Rs.2,40,000.Ascertain the profit prior to incorporation.</td><td rowspan="3">K3</td><td rowspan="3">CO2</td></tr>
<tr><td colspan="2">(OR)</td></tr>
<tr><td>12.b.</td><td>Define Final Accounts .Explain its Main Components.</td></tr>
<tr><td rowspan="3">3</td><td>13.a.</td><td>Give journal entries for the following transactions in connection with internal reconstruction
i) 30,000 equity shares of Rs.10 each fully paid reduced to shares of Rs.5 each fully paid.
ii) 300 9% debentures of Rs.1000 each converted into 1500 12% debentures of Rs.100 each.
iii) The debit balance of profit and loss account Rs.1, 50,000 and the preliminary expenses Rs.30, 000 were written off.
iv) The value of plant & machinery and stock were written down by Rs.60, 000 & Rs.30, 000 respectively.</td><td rowspan="3">K2</td><td rowspan="3">CO3</td></tr>
<tr><td colspan="2">(OR)</td></tr>
<tr><td>13.b.</td><td>X Co Ltd., has the following shares as a part of its share capital
10,000 8% preference shares of Rs.100 each fully paid.
50,000 equity shares of Rs.5 each fully paid.
20,000 equity shares of Rs.10 each, Rs.8 called up and paid up.
The company has decided to alter the share capital as follows:
i) To sub-divide the preference shares into shares of Rs.10 each.
ii) To consolidate the equity shares of Rs.5 each into shares of Rs.10 each.
iii) To covert the partly paid up equity shares into fully paid up shares of Rs.8 each, with necessary legal sanctions.
Journalise the alterations.</td></tr>
</table>

<table>
<tr><td rowspan="3">4</td><td>14.a.</td><td>Following is the balance sheet of S Ltd as on 31-3-2023
R.Co Ltd.agreed to take over the business of S. Co Ltd
<table>
<tr><th>Liabilities</th><th>Rs.</th><th>Assets</th><th>Rs.</th></tr>
<tr><td>Share capital
8 % Preference shares of Rs.100 each</td><td>3,75,000</td><td>Fixed Asset</td><td>16,25,000</td></tr>
<tr><td>Equity shares of Rs.10 each</td><td>7,50,000</td><td>Investments</td><td>3,00,000</td></tr>
<tr><td>General reserve</td><td>4,50,000</td><td>Current Assets</td><td>2,50,000</td></tr>
<tr><td>7% Debentures</td><td>3,50,000</td><td></td><td></td></tr>
<tr><td>Current Liabilities</td><td>2,50,000</td><td></td><td></td></tr>
<tr><td>Total</td><td>21,75,000</td><td>Total</td><td>21,75,000</td></tr>
</table>
Calculate purchase consideration under Net Asset method on the basis of the following:
i) R Ltd.agreed to discharge 7% debentures at a premium of 10% by issuing 9% debentures of R Ltd.
ii) Fixed assets are to be valued at 10% above book value, the investments at par, current assets at 10% discount and current liabilities at book value.</td><td rowspan="3">K3</td><td rowspan="3">CO4</td></tr>
<tr><td colspan="2">(OR)</td></tr>
<tr><td>14.b.</td><td>Explain the various methods of calculating purchase consideration</td></tr>
<tr><td rowspan="3">5</td><td>15.a.</td><td>Vatsal who has been carrying on a retail business for the past 20 years, intends selling his business on 31st December 2022. It is agreed between Vatsal and the buyer that the latter pay Rs. 1, 50,000 for goodwill. From the following particulars supplied by Vatsal, calculatethe value of goodwill if it were based on four years purchase of the average profits of the last five years including the profit of 2018.
Profit earned: 2018 – Rs. 30,000; 2019 – Rs. 40,000;
2020 – Rs. 44,000; 2021 – Rs. 46,000; 2022 – Rs. 55,000;
At the time of acquiring Vastal's business, the buyer was employed as the manager of a similar business on a salary of Rs. 1,000 per month. The profit of 2022 included income from investment Rs.3, 500 and profit of 2019 had been reduced by Rs. 4,000 being loss on speculation. Similarly, the profits of 2021 had been reduced by Rs. 6,000 owing to loss from betting</td><td rowspan="3">K4</td><td rowspan="3">CO5</td></tr>
<tr><td colspan="2">(OR)</td></tr>
<tr><td>15.b.</td><td>From the following information calculate the value per equity share:
5000 8% preference shares of Rs.100 each Rs.5, 00,000
75,000 equity shares of Rs.10 each, Rs. 8 per share paid up
Rs 6, 00,000 Expected profits per year before tax Rs. 2, 80,000
Rate of Tax 50%
Transfer to general reserve every year 20% of the profit Normal rate of earnings 10%.</td></tr>
</table>

SECTION -C (30 Marks)

Answer **ANY THREE** questions

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

<table>
<tr><th>Module No.</th><th>Question No.</th><th>Question</th><th>K Level</th><th>CO</th></tr>
<tr><td>1</td><td>16</td><td>
The preference shares were redeemed on 10th July 2021 at a premium of 5%.A bonus issue of one equity share for every five shares held was made on the same date. No trace could be found of the holders of 15 preference shares.
<table>
<tr><th>Liabilities</th><th>Rs.</th><th>Assets</th><th>Rs.</th></tr>
<tr><td>Share capital:
Authorised:
640 8% redeemable preference shares of Rs.100 each fully paid up
24000 equity shares of Rs.10 each fully paid up</td><td>
64000

2,40,000</td><td></td><td></td></tr>
<tr><td>Issued & Subscribed:
560 8% redeemable preference shares of Rs.100 each fully paid up
16800 equity shares of Rs.10 each fully paid up</td><td>
56000

168000</td><td>
Fixed Assets
Current Assets</td><td>
2,00,000

1,20,000</td></tr>
<tr><td>Securities premium A/c</td><td>7000</td><td></td><td></td></tr>
<tr><td>Profit & Loss A/c</td><td>61000</td><td></td><td></td></tr>
<tr><td>Creditors</td><td>28000</td><td></td><td></td></tr>
<tr><td>Total</td><td>320000</td><td>Total</td><td>320000</td></tr>
</table>
You are required to give journal entries in the books of the company and draw up the balance sheet.
</td><td>K3</td><td>CO1</td></tr>
<tr><td>2</td><td>17</td><td>
Moon and Star Co.Ltd is a company with an authorised capital of Rs.5, 00,000. Divided into 5,000 equity shares of Rs. 100 each on 31.12.2021 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.2021.
Trial balance of Moon & Star Co.Ltd
<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>Purchase</td><td>2,00,000</td><td>Discount received</td><td>3,150</td></tr>
<tr><td>Wages</td><td>70,000</td><td>Profit & Loss A/C</td><td>6,220</td></tr>
<tr><td>Discount allowed</td><td>4,200</td><td>Creditors</td><td>35,200</td></tr>
<tr><td>Salaries</td><td>18,500</td><td>Reserves</td><td>25,000</td></tr>
<tr><td>Insurance(up to 31.3.2022)</td><td>6,720</td><td>Loan from managing director</td><td>15,700</td></tr>
<tr><td>Rent</td><td>6,000</td><td>Share capital</td><td>2,50,000</td></tr>
<tr><td>General expenses</td><td>8,950</td><td></td><td></td></tr>
<tr><td>Printing</td><td>2,400</td><td></td><td></td></tr>
<tr><td>Advertisements</td><td>3,800</td><td></td><td></td></tr>
<tr><td>Bonus</td><td>10,500</td><td></td><td></td></tr>
<tr><td>Debtors</td><td>38,700</td><td></td><td></td></tr>
<tr><td>Plant</td><td>1,80,500</td><td></td><td></td></tr>
<tr><td>Furniture</td><td>17,100</td><td></td><td></td></tr>
<tr><td>Bank</td><td>34,700</td><td></td><td></td></tr>
<tr><td>Bad debts</td><td>3,200</td><td></td><td></td></tr>
<tr><td>Calls-in-arrears</td><td>5,000</td><td></td><td></td></tr>
<tr><td></td><td>6,60,270</td><td></td><td>6,60,270</td></tr>
</table>
You are required to prepare statement of Profit & Loss Account for the year ended 31.12.2021 and a balance sheet as on that date.
The following further information is given:
a) Closing stock was valued at Rs. 1, 91,500
b) Depreciation on plant at 15% and on furniture at 10% should be provided.
c) A tax provision of Rs. 8,000 is considered necessary.
d) The directors declared an interim dividend on 15.8.2021 for 6 months ending June 30, 2021 @ 6 %.
</td><td>K5</td><td>CO2</td></tr>
</table>

3	18	The following scheme of reconstruction has been approved for DLtd.. 1. The shareholders to receive in lieu of their present holding of 60,000 shares of Rs.10 each fully paid the following: i) Fully paid new equity shares equal to 1/3 rd of their holding. ii) 8%preference shares fully paid, to the extent of 1/5 of the above new equity shares. iii) Rs.60,000 8% secured debentures 2. The debenture holders total claim of Rs.75000 to be reduced to Rs.25000. This will be satisfied by the issue of 2,500 8% preference shares of Rs.10 each fully paid. 3. An issue of Rs.50,000 6 % first debentures was made and allotted, payment for the same having been received in cash. 4. The goodwill which stood at Rs.3,00,000 was written down to Rs.50,000.Plant &Machinery which stood at Rs.1,00,000 was written down to Rs.75,000. 5. The freehold premises which stood at Rs.1,75,000 was written down by Rs. 75,000. Give journal entries in the books of D Ltd. for the above reconstruction scheme.	K4	CO3
4	19	Explain i) Statutory reserves ii) Amalgamation Adjustment Account iii) Pooling of Interests method iv) Intercompany holdings v) Intercompany owings.	K2	CO4
5	20	The Following information is given a) Capital Employed Rs.1,50,000; b) Normal rate of return 10% c) Present value of annuity of Re.1 for 5 years at 10% is 3.78. d) Net profit for 5 years I Year – 14400, II Year – 15400, III Year – 16900, IV Year – 17400, V Year – 17900 The Profits include non recurring profit on an average basis of Rs.1000 out of which it was deemed that even non recurring profit had a tendency of appearing at the rate of Rs.600 p.a. You are required to calculate goodwill : i) As per annuity method ii) As per 5 years purchase of super profit.	K4	CO5

Z-Z-Z END