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23CMA411N

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2026
(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 × 1 = 10)

Question No.	Question	K Level	CO
1	Which type of share gives preference in payment of dividend? (i) Equity Shares (ii) Preference Shares (iii) Sweat Equity Shares (iv) Bonus Shares	K1	CO1
2	A company issued 10,000 shares but received applications for 15,000 shares. The company decides to allot shares proportionately. This situation is known as: (i) Underwriting (ii) Oversubscription with Pro-rata Allotment (iii) Rights Issue (iv) Buy Back of Shares	K2	CO1
3	The reserve created for the redemption of preference shares is called: (i) General Reserve (ii) Capital Redemption Reserve (iii) Debenture Redemption Reserve (iv) Securities Premium Reserve	K1	CO2
4	When a company purchases its own debentures from the open market before the due date for immediate cancellation, it is called: (i) Issue of Bonus Shares (ii) Sinking Fund Investment (iii) Purchase of Own Debentures (iv) Redemption by Conversion	K2	CO2
5	As per Schedule III of the Companies Act, financial statements include: (i) Trial Balance (ii) Cash Book (iii) Balance Sheet (iv) Journal	K1	CO3
6	Interest paid on debentures is shown in the Statement of Profit and Loss under: (i) Other Expenses (ii) Finance Costs (iii) Other Income (iv) Revenue from Operations	K2	CO3
7	Which method of goodwill valuation is based on the excess of average profits over the normal rate of return on capital employed? (i) Arbitrary Assessment Method (ii) Super Profits Method (iii) Capitalization of Average Profits Method (iv) Annuity Method	K1	CO4
8	While preparing the Liquidator's Final Statement of Account, how should the liquidator treat "Assets specifically pledged" where the realizable value of the asset is greater than the amount due to the secured creditor? (i) The full realizable value is shown on the receipts side under "Assets Realized." (ii) Only the surplus (Realizable value – Amount due to creditor) is shown on the receipts side. (iii) The asset is ignored as it belongs to the secured creditor. (iv) The amount due to the creditor is shown on the payments side as a preferential payment.	K2	CO4
9	The share of the outside shareholders in the net assets of a subsidiary company is technically known as (i) Cost of Control (ii) Capital Reserve (iii) Minority Interest (iv) Revenue Profit	K1	CO5
10	A holding company acquires 80% shares of a subsidiary company. The subsidiary's net assets (Share Capital + Reserves) amount to ₹10,00,000 at the date of consolidation.What will be the amount of Minority Interest in the Consolidated Balance Sheet? (i)₹8,00,000 (ii) ₹2,00,000 (iii)₹10,00,000 (iv)₹1,00,000	K2	CO5

SECTION - B (35 Marks)
Answer **ALL** questions
ALL questions carry **EQUAL** Marks (5 × 7 = 35)

Question No.	Question	K Level	CO
11.a.	The directors of R ltd., resolved on 1st may 2022 that 2000 ordinary shares of Rs.10 each, Rs.7.50 paid, be forfeited for nonpayment of final call of Rs.2.50. on June 10,2022, out of the above, 1800 shares were reissued for Rs.6 per share. Show the necessary journal entries.	K2	CO1
	(OR)		

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11.b.	M ltd., invited applications for 20000 shares of Rs. 100 each payable as follows Rs.25 on application, Rs 35 on allotment, Rs 40 on first and final call. 25000 shares were applied for. The directors accepted applications for 20,000 shares and rejected the rest. All money due were fully received. Pass necessary journal entries.	K2	CO1
12.a.	Anil ltd., issued 4,000 5% debentures of Rs.100 each at a premium of 10% payable at Rs.20 on application and the balance with premium on allotment. Pass journal entries.	K2	CO2
	(OR)		
12.b.	A company purchased assets of Rs.8,40,000 and took over liabilities of Rs.80,000 for an agreed consideration od Rs.7,20,000. The company issued debentures at 10% discount in full satisfaction of the purchase price. Give journal entries in the books of the purchase company.		
13.a.	From the Following balances, 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, Reserves Rs.1,10,000, Share Premium Rs.15,000, Preliminary expenses Rs.10,000, P/L 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.	K3	CO3
	(OR)		
13.b.	The following information is extracted from the Profit & Loss Account of PQR Ltd.: Particulars — ₹ Net Profit before tax — 20,00,000 Depreciation (as per books) — 1,00,000 Depreciation (as per Schedule II) — 80,000 Provision for tax — 6,00,000 Profit on sale of asset — 50,000 Managing Director's commission — 5% of Net Profit Calculate Net Profit as per Section 198 of Companies Act Calculate Managerial Remuneration payable		
14.a.	The profits of a firm for the last 4 years were:2021 – ₹80,000, 2022 – ₹1,00,000, 2023 – ₹1,20,000, 2024 – ₹1,50,000. In 2022, abnormal loss ₹20,000 included. In 2023, non-recurring income ₹10,000 included. Goodwill is valued at 3 years' purchase of average profit. Calculate the goodwill.	K3	CO4
	(OR)		
14.b.	Balance Sheet shows: Equity share capital (10,000 shares ₹10) – ₹1,00,000 Debentures – ₹50,000 Creditors – ₹30,000. Assets: Land (Market value ₹1,50,000; Book ₹1,20,000) Machinery ₹40,000 (Market ₹35,000) Stock ₹30,000 Debtors ₹25,000 (₹5,000 doubtful) Cash ₹15,000 Find value per equity share		
15.a.	Calculate liquidators remuneration from the following particulars: assets realized : RS.6,30,000 including cash balance Rs.30,000 liquidators remuneration 2 % on the assets realized.	K2	CO5
	(OR)		
15.b.	Write the format for statement of affairs		

SECTION -C (30 Marks)

Answer **ANY THREE** questions

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

Question No.	Question	K Level	CO
16	A ltd., invited applications for 10,000 shares of Rs.100 each at a discount of 5% payable as follows: On application Rs.25, on allotment Rs.34, on first and final call Rs.36. Applications were received for 9000 shares and all of these were accepted. All money due were received except the first and final call on 100 shares which were forfeited. Of these forfeited shares, 50 shares were reissued at the rate of Rs.90 as fully paid. Show necessary journal entries in the books of the company.	K2	CO1

17 (K2, CO2)

The balance sheet of ABC Ltd on 31.12.1990 stood as follows:

Liabilities	Rs	Assets	Rs
Equity shares of Rs.100 each	5,00,000	Fixed assets	8,00,000
9% redeemable preference shares of Rs.100	3,00,000	Investment	1,00,000
Securities premium	50,000	Bank	2,00,000
Capital reserve	1,00,000	Other current assets	5,00,000
P&L A/C	2,00,000		
10% Debentures	3,00,000		
Creditors	1,50,000		
	16,00,000		16,00,000

Both the redeemable preference shares and debentures were due for redemption on 1.1.91. the company arranged for the following.
a) It issued 2,000 equity shares of Rs.100 at a premium of 10%
b) It sold the investment for Rs.90,000
c) It arranged a bank OD to the extend necessary.
The redemption were carried out. Give entries for redemption of preference shares and debentures and the post-redemption balance sheet.

18 (K3, CO3)

Determine the maximum remuneration payable to the part time director and manager of B Ltd., before charging any such remuneration, the profit & loss account showed a credit balance of Rs.23,10,000 for the year ending 31.03.2020 after taking into account the following matters:

Particulars	Rs.
Capital expenditure	5,25,000
Subsidy Received from government	4,20,000
Special depreciation	70,000
Multiple shift allowance	1,05,000
Bonus to foreign technicians	3,15,000
Provision for taxation	28,00,000
Compensation paid to injured workman	70,000
Ex-gratia to an employee	35,000
Loss on sale of fixed asset	70,000
Profit on sale of investment	2,10,000

19 (K3, CO4)

The following are the profits of M/s Star Traders for the last five years:

Year	Profit (₹)
2020	2,40,000
2021	2,80,000
2022	3,20,000
2023	3,60,000
2024	4,00,000

Additional Information: Normal rate of return in the industry is 10%. Capital employed in the business is ₹25,00,000. One abnormal loss of ₹40,000 was included in the profit of 2021. Goodwill is to be valued at 3 years' purchase of Super Profits. Calculate the average maintainable profit. Value the goodwill of the firm using the Super Profit Method.

20 (K3, CO5)

Give the distinction between Capital Profits and Revenue Profits and their treatment in consolidation.

Z-Z-Z END