TOTAL PAGES: **5**

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PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MCom DEGREE EXAMINATION MAY 2026
(Second Semester)

Common to branches – **COMMERCE / COMMERCE WITH COMPUTER APPLICATIONS**

ADVANCED 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	What is the amount of discount on reissue of forfeited shares? i) 5% of the paid up capital ii) 10% of the capital reissued iii) The amount received on forfeited shares iv) The amount not received on forfeited shares	K1	CO1
	2	For which Capital redemption reserve can be utilized for i) Writing of preliminary expenses ii) Buy back of shares iii) Writing off capital losses iv) For issuing fully paid bonus shares	K2	CO1
2	3	What is the amount of profit kept aside to maintain uniform rate of dividend is called? i) Ex dividend ii) Final dividend iii) Undistributed dividend iv) Dividend	K1	CO2
	4	Total room sales divided by the number of rooms sold represents i) Rack rate ii) Room occupancy percentage iii) Daily report iv) Average daily rate	K2	CO2
3	5	Under purchase method of amalgamation, the reserves of the vendor Company. i) Are not brought in the books of the purchasing company ii) Except a statutory reserve are not brought in the books of the purchasing company iii) Are brought in the books of the purchasing company iv) Except a statutory reserve are brought in the books of the purchasing company	K1	CO3
	6	If the preference shareholders agree to forego arrears of undeclared preference dividend of Rs 72,000. The amount transferred to Capital Reduction Account is ____ . i) Nil ii) 72,000 iii) 36,000 iv) 70,000	K2	CO3
4	7	When the sale proceeds of pledged security is not sufficient to pay off secured creditors fully, the balance due to them should be added to i) Unsecured creditors ii) Preferential creditors iii) Equity share capital iv) Preference share capital	K1	CO4
	8	When there is unrealized profits, a holidng companies share is reduced form the stock and ___________. i) Profit & Loss a/c ii) Goodwill iii) Minority Interest iv) Capital a/c	K2	CO4
5	9	How does inflation affect financial statements? i) It increases the value of assets and liabilities ii) It decreases the value of assets and liabilities iii) It has no effect on the value of assets and liabilities iv) It increases the value of assets and decreases the value of liabilities	K1	CO5
	10	What dies Social accounting mainly deals with? i) Recording financial transactions ii) Measuring social impact of business activities iii) Calculating profit iv) Preparing balance sheet	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.	Enjoy Ltd. Had allotted 10,000 shares to applicants for 14,000 shares on pro-rata basis. The amount payable was Rs.2 on application, Rs.5 on allotment (including Rs.2premium), Rs.3 on first call and Rs.3 on final call. Vikas failed to pay the first call and final call on his 300 shares. All the shares were forfeited and out of them 200 shares were re-issued @Rs.9 per share. Give the accounting treatment and also state the amount to be credited to capital reserve.	K4	CO1
		(OR)		
	11.b.	Ram Ltd. Has the following ledger balances as on 31.3.2022.		

Credit balances	Amt.(Rs.)	Debit balances	Amt.(Rs.)
10,000 Equity shares of Rs.100 each	10,00,000	Fixed assets	22,00,000
5,000 Preference shares of Rs.100 each	5,00,000	Current assets	8,00,000
Capital reserve	1,00,000		
Securities premium a/c	1,00,000		
General reserve	2,00,000		
P&L a/c	1,00,000		
Current liabilities	10,00,000		
	30,00,000		30,00,000

Cont...

Question No . 11b Cont...

<table>
<tr><td>1</td><td>11.b.</td><td>Preference shares are to be redeemed at 10% premium. Fresh issue of equity shares is to be and to the extent it is required under the companies act for the purpose of this redemption. The shortfall in funds for the purpose of the redemption after utilizing the proceeds of the fresh issue are to be met by taking a bank loan. Show the journal entries.</td><td></td><td></td></tr>
<tr><td>2</td><td>12.a.</td><td>Prepare a Balance sheet as at 31.3.2020 from the following information of Kite Ltd. As required
<table>
<tr><th>Particulars</th><th>Amt.(Rs.)</th><th>Particulars</th><th>Amt.(Rs.)</th></tr>
<tr><td>Term loan</td><td>10,00,000</td><td>Loss for the year</td><td>3,00,000</td></tr>
<tr><td>Creditors</td><td>11,45,000</td><td>Sundry debtors</td><td>12,25,000</td></tr>
<tr><td>Advances</td><td>3,72,000</td><td>Miscellaneous expenses</td><td>58,000</td></tr>
<tr><td>Cash & bank balance</td><td>2,75,000</td><td>Loans from directors</td><td>2,00,000</td></tr>
<tr><td>Staff advances</td><td>55,000</td><td>Provision for doubtful debts</td><td>20,200</td></tr>
<tr><td>Provision for tax</td><td>1,70,000</td><td>Stock</td><td>4,00,000</td></tr>
<tr><td>Securities premium</td><td>4,75,000</td><td>Fixed assets(WDV)</td><td>51,50,000</td></tr>
<tr><td>Loose tools</td><td>50,000</td><td>Finished goods</td><td>7,50,000</td></tr>
<tr><td>Investments</td><td>2,25,000</td><td>General reserve</td><td>20,50,000</td></tr>
<tr><td></td><td></td><td>Capital work in progress</td><td>2,00,000</td></tr>
</table>
Additional information:
i) Share capital consists of 30,000 equity shares of Rs.100 each fully paid up 10,000 10% preference shares of Rs.100 each fully paid up.
ii) Term loan is secured iii) Depreciation on assets Rs.5,00,000</td><td rowspan="3">K4</td><td rowspan="3">CO2</td></tr>
<tr><td></td><td colspan="2">(OR)</td></tr>
<tr><td>2</td><td>12.b.</td><td>Mr.Hitesh checks into a Five star hotel on 10th January 2012 at 9.am on American plan @ Rs.300 per day. The hotel levies a service tax @ 12% in addition to the room rent. Find the duration of stay and amount payable by Mr.Hitesh if he checks out it.
(a) 6 pm on 10th January 2012 (b) 8 am on 11th January 2012
(c) 4 pm on 11th January 2012 (d) 11 am on 12th January 2012
When the duration of day is ascertained by the hotel on
(i) 24 hours or part thereof basis (ii) Fixed check out time of 12 noon basis</td></tr>
<tr><td>3</td><td>13.a.</td><td>On 31.3.2019, Slow Ltd., was absorbed by Steady ltd., the later taking over all assets and liabilities of the former at book values. The consideration for the business was fixed at Rs.4,00,000 to be discharged by the transferee company in the form of its fully paid equity shares of Rs.10 each, to be distributed among the shareholders of the transferor company, each to be distributed among the shareholders of the transferor company, each shareholder getting two shares for every share held in the transferor company.
<table>
<tr><th>Liabilities</th><th>Slow Ltd. (Rs.)</th><th>Steady Ltd. (Rs.)</th></tr>
<tr><td>Equity shares @ Rs.10 each</td><td>9,00,000</td><td>2,00,000</td></tr>
<tr><td>General reserve</td><td>1,80,000</td><td>50,000</td></tr>
<tr><td>P&L a/c</td><td>20,502</td><td>12,900</td></tr>
<tr><td>Women compensation fund</td><td>12,000</td><td>9,000</td></tr>
<tr><td>Sundry creditors</td><td>58,567</td><td>30,456</td></tr>
<tr><td>Staff provident fund</td><td>10,200</td><td>4,000</td></tr>
<tr><td>Provision for tax</td><td>12,300</td><td>5,000</td></tr>
<tr><td></td><td>11,93,569</td><td>3,11,356</td></tr>
<tr><td>Assets</td><td>Slow Ltd. (Rs.)</td><td>Steady Ltd. (Rs.)</td></tr>
<tr><td>Goodwill</td><td>2,00,000</td><td>60,000</td></tr>
<tr><td>Plant & Machi</td><td>4,12,000</td><td>1,00,000</td></tr>
<tr><td>Furniture</td><td>80,000</td><td>30,000</td></tr>
<tr><td>Stock</td><td>2,65,500</td><td>60,000</td></tr>
<tr><td>Debtors</td><td>2,21,200</td><td>46,000</td></tr>
<tr><td>Prepaid insurance</td><td>-</td><td>700</td></tr>
<tr><td>Income tax refund claim</td><td>-</td><td>6,000</td></tr>
<tr><td>Cash in hand</td><td>869</td><td>356</td></tr>
<tr><td>Cash at bank</td><td>14,000</td><td>8,300</td></tr>
<tr><td></td><td>11,93,569</td><td>3,11,356</td></tr>
</table>
Amalgamation expenses amounting to Rs.1,000 were paid by Steady Ltd. Pass the necessary journal entries in the books of Steady Ltd.</td><td rowspan="3">K5</td><td rowspan="3">CO3</td></tr>
<tr><td></td><td colspan="2">(OR)</td></tr>
<tr><td></td><td>13.b.</td><td>Following are the liabilities and assets of Lucky as on 31sr March 2022.
<table>
<tr><th>Liabilities</th><th>Amt (Rs.)</th><th>Assets</th><th>Amt (Rs.)</th></tr>
<tr><td>3,000 5% shares of Rs.100 each</td><td>3,00,000</td><td>Goodwill</td><td>22,500</td></tr>
<tr><td>6,000 equity shares of Rs.100 each</td><td>6,00,000</td><td>Land & building</td><td>3,00,000</td></tr>
<tr><td>6% debentures</td><td>1,50,000</td><td>Machinery</td><td>4,50,000</td></tr>
<tr><td>Bank overdraft</td><td>1,50,000</td><td>Stock</td><td>65,000</td></tr>
<tr><td>Creditors</td><td>75,000</td><td>Debtors</td><td>70,000</td></tr>
<tr><td></td><td></td><td>Cash</td><td>7,500</td></tr>
<tr><td></td><td></td><td>Surplus</td><td>3,50,000</td></tr>
<tr><td></td><td></td><td>Preliminary expenses</td><td>10,000</td></tr>
<tr><td></td><td>12,75,000</td><td></td><td>12,75,000</td></tr>
</table></td></tr>
</table>

Question No . 13b Cont...

13.b.

On the above date, the company adopted the following scheme of reconstruction.

i) Preference shares are to be reduced to fully paid shares of Rs.75 each and equity shares are to be reduced to shares of Rs.40 each fully paid.

ii) The debenture holders took over debtors in full satisfaction of their claims.

iii) The fictitious and intangible assets are to be eliminated

iv) The land & Building to be appreciated by 30% and machinery to be depreciated by 331/3%

v) Expenses of reconstruction amounted to Rs.4,500

Give journal entries incorporating the above scheme of reconstruction

4

14.a.

Following are the liabilities and assets of H Ltd. And its subsidiary S ltd. As at March 2022.

Liabilities	H Ltd. (Rs.)	S Ltd. (Rs.)
Equity shares of Rs.10 each	6,00,000	2,00,000
General reserve	3,40,000	80,000
Surplus a/c	1,00,000	60,000
Creditors	70,000	35,000
	11,10,000	3,75,000
Assets	H Ltd. (Rs.)	S Ltd. (Rs.)
Machinery	3,90,000	1,35,000
Furniture	80,000	40,000
80% shares in S Ltd. at cost	3,40,000	-
Stock	1,80,000	1,20,000
Debtors	50,000	30,000
Cash at bank	70,000	50,000
	11,10,000	3,75,000

Following additional information is provided:

(i) Surplus account of S Ltd. stood at Rs.30,000 on 1st April 2021 whereas General Reserve has remained unchanged since that date.

(ii) H Ltd. Acquired 80% shares in S ltd. On 1st October 2021 for Rs.3,40,000 as mentioned above.

(iii) Included in debtors of S Ltd. Is a sum of Rs.10,000 due form H ltd. for goods sold at a profit of 25% on cost. Till 31st march 22 only one half of the goods had been sold while the remaining goods were lying in the godowns of H Ltd. As on that date.

You are required to prepare a consolidated Balance Sheet as at 31st March 2022, show all calculation clearly.

K5 CO4

(OR)

14.b.

Shri Copra is appointed liquidator of Moon Company Limited in voluntary liquidation on 1st July, 2020. Following balances are extracted from the books on that date.

Liabilities	Amount
Capital	
24,000 Shares of Rs.5 each	1,20,000
Reserve for Bad Debts	15,000
Debentures	75,000
Bank Overdraft	27,000
Liabilities for Purchase	30,000
	2,67,000
Assets	Amount
Machinery	45,000
Leasehold Properties	60,000
Stock-in-trade	1,500
Book Debts	90,000
Investments	9,000
Calls-in-arrear	7,500
Cash in hand	1,500
Surplus Account (Negative Balance)	52,500
	2,67,000

You are required to prepare a Statement of Affairs to be submitted in the meeting of the creditors. Following assets are valued as under:

Machinery	90,000	Investments	6,000
Leasehold Properties	1,09,000	Stock-in-trade	3,000

Bad debts are Rs.3,000 and the doubtful debts are Rs.6,000 which are estimated to realize Rs.3,000. The bank overdraft is secured by deposit of title of deeds of leasehold properties. Preferential creditors are Rs.1,500. Telephone rent outstanding is Rs.120.

5

15.a.

Ascertain net monetary result or 'general price level gain or loss from the following information.

Particulars	1.1.2018 Amt.	31.12.2018 Amt.
Cash and bank balance	60,000	88,000
Accounts receivable	80,000	1,00,000
Accounts payable	1,00,000	1,24,000
General retail price index number	100	125

Average index number for the year 120.

K4 CO5

(OR)

15.b. Explain the objectives of green accounting.

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></th><th>K Level</th><th>CO</th></tr>
<tr><td>1</td><td>16</td><td>The following particulars are given from the books and records of Standard Products Ltd. relating to issue and forfeiture of equity shares during January to April 2020. The amount per share was payable as Rs.3 on application, Rs.5 on allotment (including Rs.2 premium), Rs.4 on first and final call.
<table>
<tr><th></th><th>No.of shares allotted</th><th>No.of shares applied</th></tr>
<tr><td>Category I</td><td>20,000</td><td>30,000</td></tr>
<tr><td>Category II</td><td>10,000</td><td>10,000</td></tr>
<tr><td>Category III</td><td>Nil</td><td>5,000</td></tr>
</table>
Allotments were made pro-rata in category I. Mr.Giri who applied for 450 shares in Category I failed to pay allotment and call money and his shares were forfeited by the directors. Subsequently 200 forfeited shares were re-issued to Mr.Puri as fully paid for Rs.9 per share. Show the journal and cash book entries to record the above transactions.</td><td>K4</td><td>CO1</td></tr>
<tr><td>2</td><td>17</td><td>Rising engineers Ltd. have authorized capital of Rs.50 laks , divided into 5,00,000 shares of Rs.10 each. Their books show the following balances as on 31st march 2022.
<table>
<tr><th>Particulars</th><th>Amt. Rs.</th><th>Particulars</th><th>Amt. Rs.</th></tr>
<tr><td>Stock as on 1.4.21</td><td>6,65,000</td><td>Business expenses</td><td>56,000</td></tr>
<tr><td>Discount & Rebates</td><td>30,000</td><td>Repairs</td><td>46,500</td></tr>
<tr><td>Carriage inwards</td><td>57,500</td><td>Bad debts</td><td>25,500</td></tr>
<tr><td>Patterns</td><td>3,75,000</td><td>Bank current account</td><td>20,000</td></tr>
<tr><td>Rates & taxes</td><td>55,000</td><td>Cash in hand</td><td>8,000</td></tr>
<tr><td>Furniture & Fittings</td><td>1,50,000</td><td>Debenture interest for half year to 30.9.21</td><td>10,000</td></tr>
<tr><td>Material purchased</td><td>12,32,500</td><td>Interest – banks</td><td>91,000</td></tr>
<tr><td>Wages</td><td>13,05,000</td><td>Preliminary expenses</td><td>10,000</td></tr>
<tr><td>Coal & coke</td><td>63,000</td><td>Calls in arrears</td><td>10,000</td></tr>
<tr><td>Freehold land</td><td>12,50,000</td><td>Equity share capital (2,00,000 shares of Rs.10 each)</td><td>20,00,000</td></tr>
<tr><td>Plant & machinery</td><td>7,50,000</td><td>4% debentures (repayable after 10 years)</td><td>5,00,000</td></tr>
<tr><td>Engineering tools</td><td>1,50,000</td><td>Bank overdraft</td><td>7,57,000</td></tr>
<tr><td>Goodwill</td><td>3,75,000</td><td>Sundry creditors (for goods)</td><td>2,40,500</td></tr>
<tr><td>Sundry debtors</td><td>2,66,000</td><td>Sales</td><td>36,17,000</td></tr>
<tr><td>Bills receivable</td><td>1,34,500</td><td>Rents (Cr.)</td><td>30,000</td></tr>
<tr><td>Advertisement</td><td>15,000</td><td>Transfer fees</td><td>6,500</td></tr>
<tr><td>Commission & brokerage</td><td>67,500</td><td>Surplus (cr.)</td><td>67,000</td></tr>
</table>
(i) The stock (valued at cost or market value whichever is lower) as on 31.3.2022 was Rs.7,08,000.
(ii) Outstanding liability for wages Rs.25,000 and business expenses Rs.25,000.
(iii) Dividend declared @ 10% on paid up capital.
(iv) To charge depreciation : Plant & machinery @5%, engineering tools @ 20%; patterns @ 10%; furniture & fittings @ 10%.
(v) Provide 2% on debtors as doubtful debts after writing off 21,500 as bad debts.
(vi) To write off preliminary expenses Rs.5,000 and to create debenture redemption reserve Rs.20,000.
(vii) Provide Rs.2,40,000 for income tax.
You are required to prepare Profit & Loss account and Balance Sheet for the year ended 31.st March 2022.</td><td>K5</td><td>CO2</td></tr>
<tr><td>3</td><td>18</td><td>The financial position of H.L. Ltd. as on 31.3.2022 is summarised.
<table>
<tr><th>Liabilities</th><th>Amount (Rs.)</th><th>Assets</th><th>Amount (Rs.)</th></tr>
<tr><td>15,000 Equity shares</td><td>1,50,000</td><td>Freeholds Property</td><td>34,000</td></tr>
<tr><td>10,000 Preference shares</td><td>1,00,000</td><td>Plant</td><td>96,000</td></tr>
<tr><td>7% Secured debentures</td><td>60,000</td><td>Tools & Dies</td><td>27,300</td></tr>
<tr><td>Accrued Interest thereon</td><td>4,200</td><td>Investments</td><td>15,000</td></tr>
<tr><td>Loan – secured</td><td>20,000</td><td>Stocks</td><td>42,500</td></tr>
<tr><td>Creditors</td><td>50,000</td><td>Debtors</td><td>53,400</td></tr>
<tr><td></td><td></td><td>R & D expenditure</td><td>18,000</td></tr>
<tr><td></td><td></td><td>Surplus a/c</td><td>98,000</td></tr>
<tr><td></td><td>3,84,200</td><td></td><td>3,84,200</td></tr>
</table>
The scheme of organisation detailed below is agreed and approved by the court.
(i) Land at book value Rs.6,000 and valued at Rs.14,000 is taken over by debenture holders for part payment. The remaining property is valued at Rs.40,000.
(ii) The investment valued at Rs.22,000 to be taken over by loan creditors , Rs.2,000 is refunded to company.
(iii) The creditor for Rs18,000 has agreed to accept new second Mortgage Debentures carrying interest @ 10% P.A. in settlement of Rs.15,500. Another creditor for Rs.10,000 agrees to accept cash at a discount of 15%.
(iv) The Equity shares are to be written down to Re.1 per share and Preference shares to Rs.8 per share.</td><td>K6</td><td>CO3</td></tr>
</table>

Question No: 18 Cont...

<table>
<tr><td></td><td>18</td><td>(v) The cost of scheme amounting to Rs.3,500 to be paid and written off.
(vi) Equity shareholders to subscribe and pay for two new shares of Re.1 each for every one share held.
(vii) Assets to be revalued at – Plant Rs.59,000; Tools & Dies Rs.15,000; Stocks Rs.30,000; Debtors Rs.48,700; R & D Expenses and P & L a/c to be written off.
The scheme of organisation detailed above is agreed and approved by court. You are required to show the Journal entries, and ledger accounts and balance sheet.</td><td></td><td></td></tr>
<tr><td>4</td><td>19</td><td>From the following ledger balances of H Ltd., and its subsidiary S Ltd., drawn upto 31st March 2022, prepare a consolidated balance sheet as at that date, having regard to the following.
(i) Reserve and surplus (Cr.) of S ltd. stood as Rs.25,000 and Rs.15,000 respectively on the date of acquisition of its 80% shares by H Ltd., and
(ii) Machinery (Book value Rs.1,00,000) and furniture (Book value Rs.20,000) of S Ltd. were valued at Rs.1,50,000and Rs.15,000 respectively for the purpose of fixing the price of the shares; book value of other assets remaining unadjusted.
<table>
<tr><th>Liabilities</th><th>H Ltd. (Rs.)</th><th>S Ltd. (Rs.)</th></tr>
<tr><td>Share capital (Rs.100 each)</td><td>5,00,000</td><td>1,00,000</td></tr>
<tr><td>Reserve</td><td>2,00,000</td><td>75,000</td></tr>
<tr><td>Surplus a/c</td><td>1,00,000</td><td>25,000</td></tr>
<tr><td>Creditors</td><td>1,50,000</td><td>50,000</td></tr>
<tr><td></td><td>9,50,000</td><td>2,50,000</td></tr>
<tr><td>Assets</td><td>H Ltd. (Rs.)</td><td>S Ltd. (Rs.)</td></tr>
<tr><td>Machinery</td><td>3,00,000</td><td>90,000</td></tr>
<tr><td>Furniture</td><td>50,000</td><td>17,000</td></tr>
<tr><td>Other assets</td><td>4,40,000</td><td>1,43,000</td></tr>
<tr><td>Shares in S ltd. 800 at Rs.200 each</td><td>1,60,000</td><td>-</td></tr>
<tr><td></td><td>9,50,000</td><td>2,50,000</td></tr>
</table></td><td>K6</td><td>CO4</td></tr>
<tr><td>5</td><td>20</td><td>i) There is different dimensions of businesses where the concept of forensic accounting is used to detect financial frauds and misreporting" Discuss.
ii) Explain the need of Social responsibilities of business.</td><td>K5</td><td>CO5</td></tr>
</table>

Z-Z-Z END