25CSP103/ 22CSP103N

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MCom(CS) DEGREE EXAMINATION MAY 2026
(First Semester)

Branch – **CORPORATE SECRETARYSHIP**

ADVANCED 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	Premium received on issue of shares a/c is shown on _______. a) Assets side of B/S b) Liabilities side of B/S c) Credit side of P&L a/c d) Debit side of P&L a/c	K1	CO1
	2	The premium on redemption of preference shares can be provided out of_____. a) Securities premium b) Insurance fund c) Forfeited shares a/c d) Depreciation reserve	K2	CO1
2	3	Loss prior to incorporation should be debited to ______. a) Revenue reserve b) Goodwill a/c c) Capital reserve a/c d) Preliminary expenses a/c	K1	CO1
	4	After writing off of all accumulated losses, the balance in capital reduction a/c, if any should be transferred to ______. a) Share capital a/c b) Capital reserve a/c c) General reserve a/c d) Goodwill a/c	K2	CO1
3	5	The process of combining two or more companies to form a single company is known as _______. a) Absorption b) Amalgamation c) Consolidation d) Internal reconstruction	K1	CO1
	6	The main purpose of external reconstruction is ________. a) Avoiding losses b) Reorganizing financial structure c) Liquidation the company d) Increasing share capital	K2	CO1
4	7	Every Banking company is required to close its accounts on ________ a) 31st December b) 31st March c) 30th June d) 30th September	K1	CO1
	8	Provision for income tax is shown in the Bank accounts under the head ______. a) Borrowings b) Other liabilities c) Operating expenses d) Contingent liabilities	K2	CO1
5	9	Claims paid by life insurance companies are shown in _______. a) Schedule 1 b) Schedule 2 c) Schedule 3 d) Schedule 4	K1	CO1
	10	The balance found in the Revenue Account of life insurance companies is considered as ____. a) Net profit/loss b) Surplus/Deficit c) Life Assured Fund d) Gross profit/loss	K2	CO1

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.	Kailash Ltd., purchased the business of Mani Bros. for Rs.54,00,000 payable in fully paid shares of Rs.100 each. What entries will be made in the books of Kailash Ltd., if such issue (a) at par (b) at a premium of 20% and (c) at a discount of 10%?	K2	CO1
		(OR)		
	11.b.	On 1st January, 'XYZ' Ltd., has Rs.1,00,000 10% debentures. In accordance with the power under the deed, the directors have the powers to acquire the debentures in the open market for immediate cancellation. The following purchases, of own debentures were made by the company. March 1, Rs.20, 000 debentures at Rs.98 cum-interest August 1, Rs.40, 000 debentures at Rs.99 ex-interest. Debenture interest is payable half-yearly on 30th June and 31st Dec. every year. Show the journal entries for purchase and cancellation of the debentures.		
2	12.a.	A company was incorporated on 01.06.2015 in order to purchase a running business from 01.01.2015. The following particulars available from its records: 1. Total sales for 2015 Rs.80,000 2. Sales from 1.1.2015 to 31.5.2015 Rs.20,000 3. Gross profit for the whole year Rs.30,000 4. Total expenses of 2015 (including director fee Rs.1000) Rs.25,000 5.Companys share capital Rs.75,000 Find out profit prior to incorporation and after incorporation by preparing the profit and loss account.	K3	CO2
		(OR)		

Cont...

2 — 12.b. (K3, CO2)

Given below is the Balance Sheet of a Company as on 31.3.2002

Liabilities	Rs	Assets	Rs
Share Capital:			
2,000 Preference shares of Rs.100 each	2,00,000	Good will	1,20,000
3,000 Ordinary shares of Rs.100 each	3,00,000	Fixed Assets	2,50,000
Securities Premium	50,000	Current assets	1,80,000
Other Liabilities	1,50,000	Preliminary Expenses	15,000
		P&L A/c	1,35,000
	7,00,000		7,00,000

During 2002-03, the following resolutions were implemented:

a. To reduce the face value of the preference and equity shares to Rs.50 each

b. To write off other assets (except real assets) by utilizing securities premium to the required extent.

Prepare the Balance Sheet after the reconstruction and also the journal entries there on.

3 — 13.a. (K3, CO3)

The following are the summarized balance sheets of Amar Ltd. and Samar Ltd.as on 31st March 1994.

Liabilities	Amar Ltd Rs.	Samar Ltd Rs.	Assets	Amar Ltd Rs.	Samar Ltd Rs.
Issued Share capital: Shares of Rs.10 each.	8,00,000	6,00,000	Goodwill	-	1,20,000
Profit and Loss A/c	1,40,000	-	Fixed assets	6,00,000	2,40,000
Creditors	80,000	2,40,000	CurrentAssets	4,20,000	2,80,000
			P & L A/c	-	2,00,000
	10,20,000	8,40,000		10,20,000	8,40,000

Amar Ltd. agreed to take over the business of Samar Ltd. As on the date of balance sheets. After due negotiations, it was determined that the shares of Amar Ltd. are worth Rs.12 each and the shares of Samar Ltd. are worth Rs.5 each.

You are required to make the necessary entries in the books of Amar Ltd. And draw up its balance sheets immediately after the takeover.

(OR)

13.b.

The balance sheet as on 31st December 2003 of the Gamma Ltd., was as follows:

Liabilities	Rs.	Assets	Rs.
Share capital: 1000 shares of Rs.100 each fully paid up	1,00,000	Land	65,000
8% Debentures	40,000	Machinery	22,000
Creditors	6,000	Furniture	3,000
		Stock	25,000
		Debtors	15,000
		Cash	4,000
		Profit & Loss A/c	12,000
	1,46,000		1,46,000

Beta company Ltd., was formed to take over the business of Gamma Ltd., with a nominal capital of Rs.1,00,000 divided into 500 9% Preference shares of rs.100 each and 500 Equity shares of Rs.100 each on the following basis:

a) The debenture holders in Gamma Ltd., are to accept 350 preference shares.

b) The shareholders in Gamma Ltd., are to receive one equity share in Beta Ltd., for every two shares held by them.

c) Cost of liquidation met by Beta Ltd., Rs.600.

d) The balance of preference shares have been issued and taken up by the public.

Give important ledger accounts to close the books of Gamma Ltd.

4 — 14.a. (K4, CO4)

The following are the balances of Cholan Bank Ltd., for the year ended on 31.3.2020.

Particulars	Rs. in'000	Particulars	Rs. in'000
Interest on loans	518	Directors' fees	6
Interest on fixed deposits	550	Auditor's fees	2
Commission received	16	Interest on savings bank deposits	136
Salaries and allowances	108	Postage and telegrams	3
Discount on bills discounted	292	Printing and Stationery	6
Rebate on bills discounted	98	Locker rent	2
Interest on cash credits	446	Transfer fees	1
Interest on current accounts	84	Depreciation on banks properties	10
Rent and taxes	36	Sundry charges	4
Interest on overdrafts	308		

Other Information:

i)Provision for bad debts to be made Rs.80,000

ii) Provision for income tax required Rs.30,000

From the above information, prepare the Profit and Loss Account of the bank for the year ended 31.3.2020.

(OR)

4	14.b.	From the following particulars, prepare a profit and loss account of Chennai Bank Ltd., for the year ending 31.03.1992.	K4	CO4

	Rs (in'000)		Rs (in 000)
Interest on deposits	3200	Discount on bills discounted	1490
Commission (Cr)	100	Interest on overdrafts	1,600
Interest on loans	2,490	Auditors' fees	35
Sundry charges (Dr)	100	Directors' fees	16
Rent and taxes	200	Interest on cash credits	2,320
Establishment	500	Bad debts to be written off	300

5	15.a.	The Life fund of a Life Insurance Company on 31-3-2006 showed a balance of Rs.54,00,000. However, the following items were not taken into account while preparing the Revenue A/s for 2005-06. i) Interest and dividend accrued on investments Rs.20,000 ii) Income tax deducted at source on the above Rs.6,000 iii) Reinsurance claims recoverable Rs.7,000 iv) Commission due on reinsurance premium paid Rs.10,000 v) Bonus in deduction of premiums Rs.3,000.	K5	CO5
		(OR)		
	15.b.	The revenue account of a Life Insurance Company showed the life fund at Rs.73,17,000 on 31.3.2006 before taking into account the following items. i. Claims intimated but not admitted Rs.98,250 ii. Bonus utilized in reduction of premium Rs.13,500 iii. Interest accrued on investments Rs.29,750 iv. Outstanding premiums Rs.27,000 v. Claims covered under reinsurance Rs.40,500 vi. Provision for taxation Rs.31,500 Pass journal entries giving effect to the above adjustments and show the adjusted life fund.		

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	X Co Ltd issued 4000 shares of Rs.10 each at a premium of Rs.2 per share. The amount was payable as under: On application Rs.3 per share On allotment Rs.4 per share(including premium) On first call Rs.3 per share On second call Rs.2 per share The company received applications for 5000 shares and the allotment was made as under: i) Applicants for 200 shares – Nil ii) Applicants for 800 shares – Full iii) Applicants for 4000 shares – 3200 shares All moneys were duly received except the first call on 200 shares and final call on 300 shares Pass journal entries and prepare balance sheet of X Co Ltd.,	K4	CO4
2	17	XYZ Ltd., was formed on 1.4.2014 to take over the business of a firm as from 1.1.2014. All profits made from this earlier date were to the benefit of the company but interest on the purchase price of Rs.50,000 was to be paid at 6% p.a. to the vendors upto the date of settlement in full on 1.6.2014. The following was the statement of profit and loss for the year ended 31st December 2014.	K5	CO5

Particulars	Rs.	Particulars	Rs.
To Management expenses	3,050	By Gross trading profit	20,000
To Bad debts	200		
To Directors' fees	1,000		
To Interest to vendors	1,250		
To Preliminary expenses	1,250		
To Depreciation	1,000		
To Net profit	12,250		
	20,000		20,000

Out of the bad debts written off, Rs.100 related to the period prior to incorporation. Apportion the profit earned between pre incorporation and post incorporation periods by preparing profit and loss account. You may assume that turnover was spread evenly over the entire year.

3 | **18** | K6 | *CO3*

Sun Ltd. And Moon Ltd. are two companies carrying on business in the same line of activity. Their balance sheets as on 31.12.1994 are:

Balance Sheet

Liabilities	Sun Ltd.Rs.	Moon Ltd.Rs.	Assets	Sun Ltd.Rs.	Moon Ltd.Rs.
Fully paid equity shares of Rs.10 each	6,00,000	2,00,000	Land & Buildings	1,00,000	-
General Reserve	4,00,000	2,00,000	Plant & Machinery	7,00,000	3,00,000
Secured Loan	6,00,000	1,00,000	Investments	1,00,000	-
Current Liabilities	6,00,000	4,00,000	Stock	9,00,000	4,00,000
			Debtors	3,00,000	1,00,000
			Cash at bank	1,00,000	1,00,000
	22,00,000	9,00,000		22,00,000	9,00,000

The two companies decided to amalgamate into Mars Ltd. The following further information is given.

a. All assets and liabilities of the two companies are taken over.
b. Each share in Moon Ltd.is valued at Rs.25 for the purpose of amalgamation.
c. Shareholders of Moon Ltd. and Sun Ltd. are paid off by issue of sufficient number of equity shares of Rs.10 each in Mars Ltd. As fully paid at par.

Each share in Sun Ltd.is valued at Rs.15 for the purpose of amalgamation. Show the journal entries to close the books of both the companies.

4 | **19** | K4 | *CO4*

From the following particulars of XY Bank Ltd., prepare a Balance sheet as on 31.3.2016 in the Revised format.

Particulars	**Rs (in '000)**
Authorised capital	4,000
Subscribed capital	2,000
Investments	7,000
Bills discounted	15,000
Profit and Loss A/C (Cr)	850
Endorsement on bills for collection	100
Liability of customers for acceptances	5,000
Money at call and short notice	9,000
Cash in hand	2,000
Cash with RBI	4,000
Statutory reserve	3,000
Cash with State Bank of India	4,000
Letters of credit issued	500
Telegraphic transfers payable	800
Bank drafts payable	1,200
Short loans	40
Rebate on bills discounted	10
Acceptance for bills customers	5,000
Loans and advances	10,000
Cash credit	10,000
Overdraft	1,000
Bills purchased	1,000
Current and deposit accounts	56,000
Investment fluctuation fund	100
Bills for collection	100
Buildings	1,000

5 | **20** | K5 | *CO5*

Zaldi Pay Insurance Co. Ltd. has furnished the following information for preparation of revenue account for fire insurance for the year ended 31-3-2010.

(Rs. In '000)

Claims admitted but not paid	42,376
Commission paid	50,000
Commission on reinsurance received	12,000
Share transfer fees	5,000
Expenses of management	78,000
Reserve for unexpired risk on 1-4-2009	2,30,000
Additional reserve on 1-4-2009	40,000
Bad debts	2,500
Claims paid	15,000
P&L Appn. A/c	10,000
Premium received less insurance	5,52,000
Claims O/S on 1-4-2009	27,000
Dividend on share capital	18,500

The following further information has also to be considered:

a. Premium O/S at the end of the year Rs. 40000.
b. Additional reserve at 10% of net premium to be maintained
c. It is the policy of the company to maintain 50% of premium towards reserve for unexpired risk.

Z-Z-Z END