



J. Sambal

Avinashilingam Institute for Home Science and Higher Education for Women
Deemed to be University Estd. u/s 3 of UGC Act 1956, Category A by MHRD (now MoE)
Re-accredited with A++ Grade by NAAC. CGPA 3.65/4, Category I by UGC
Coimbatore - 641 043, Tamil Nadu, India

Continuous Internal Assessment Test I – February 2026
Semester II

Class: I UG

Time: 2 Hours

Major: B. Com / B. Com (PA) / B. Com (CA) / *Minor specialization*

Max. Marks: 60

23BCO04/ 23BCPC04/ 23BCCC04 – Corporate Accounting and Spreadsheet Applications

Course Outcomes

- 1: Ability to adopt accounting standards in issue of shares and debentures.
- 2: Well-versed in preparation of financial statement using manual and online software.
- 3: Understand the procedures of internal reconstruction of the company.
- 4: Ability to analyze the amalgamation of companies in India.
- 5: Ability to analyze the annual report of companies and e- filing of annual reports and applications of spreadsheet functions in select business operations.

Part A

Choose the correct answer:

(6x1=6)

1. The part of authorized capital that is offered to the public is called:
(a) Issued capital (b) subscribed capital (c) Called-up capital (d) Reserve capital **CO1 K1**
2. Debenture holders are:
(a) . Owners of the company (b) Creditors of the company (c) Employees of the company
(d) Promoters of the company **CO1 K1**
3. Schedule III of the Companies Act prescribes the format of:
(a) . Cash Flow Statement (b) . Trial Balance (c) . Funds Flow Statement
(d) . Balance Sheet and Statement of Profit & Loss **CO2 K1**
4. Revenue from operations is shown in:
(a) . Part I (b) Part II (c) Notes to Accounts (d) Auditor's Report **CO2 K1**
5. The main objective of internal reconstruction is to:
(a) . Expand business (b) . Increase share price (c) . Improve financial position (d) . Increase sales **CO3 K1**
6. Creditors' sacrifice in internal reconstruction is adjusted through:
(a) . Profit & Loss Account (b) . Capital Reserve (c) . Capital Reduction Account (d) . General Reserve **CO3 K1**

Part B

3x6=18

Answer ALL questions

Answer Should not exceed 400 words or two pages

7. a) X Co. Ltd. has its share capital divided into equity shares of ₹ 10 each. On 1-10-2020 it granted 20,000 employees' stock option at Rs.50 per share when the market price was Rs.120 per share. The options were to be exercised between 10th December, 2020 and 31st March 2021. The employees exercised their options for 16,000 shares only and the remaining options lapsed. The company closes its books on 31st March every year. Show Journal Entries (with narration) as would appear in the books of the company upto 31st March, 2021.

CO1 K2

(or)

b) Information taken from the books of Premier Ltd. As at 31-03-2021 is given below:

Equity and Liabilities	
Shareholders fund	
Share Capital:	12,00,000
Paid up Capital: 120000 Equity shares of Rs. 10 each fully paid up	
Reserves and Surplus:	6,00,000
Securities Premium account	
Free Reserves	18,00,000
Non-current Liabilities	25,00,000
Debentures	
Current Liabilities	11,00,000
Creditors	
Total Equity and Liabilities	72,00,000
Assets	
Non-Current Assets	36,00,000
Fixed Assets	
Current Assets	10,00,000
Stock	
Debtors	8,00,000
Cash and Bank Balance	18,00,000
Total Assets	72,00,000

8. a) The authorised capital of Inter State Distributors Ltd. is 7,50,000 consisting of 3,000 6% cumulative preference shares of 100 each and 45,000 equity shares of 100 each. Following is the trial balance drawn up on March 31, 2021:

Paid-up Capital: 3,000 6% cumulative preference shares	3,00,000	General expenses	21,000
3,000 equity shares (75 per share called up)	2,25,000	Furniture at cost	75,000
Goodwill	1,00,000	Sales	9,18,600
5% first mortgage debentures (secured on freehold properties)	2,10,000	Purchases	4,76,500
Trade creditors	1,25,520	Bills receivable	6,000
Trade debtors	1,67,500	Freight and carriage inward	3,750
Freehold properties at cost	3,90,000	Investments: 600 shares of 100 each in Sunrise Limited	60,000
Stock on 1st April, 2020	2,41,500	Debenture interest (half-year to September, 2020)	5,250
General Reserve	82,725	Final dividend for 2019-20	20,250
Salaries	1,03,500	Preference dividend (half-year to 30th September, 2020)	9,000
Surplus Account (Cr.)	58,500	Balance at bank in current account	97,500
Reserve for taxation	8,800	Cash in hand	14,145
Delivery expenses	1,02,000	Shares forfeited account	2,000
Rent and rates	38,250		

(a) The value of stock on March 31, 2021 was Rs.2,15,000;

(b) Depreciation on freehold properties is to be provided at 2.5% and on furniture at 6%;

(c) The directors propose to pay the second half-year's dividend on preference shares and a 10% dividend on equity shares; and

(d) Shares were forfeited on non-payment of 35 per share
prepare Profit and Loss Account.

CO2 K3

(or)

b) On July 1, 2020 A Ltd. gave notice of its intention to redeem its outstanding 4,00,00,000, 4 1/2% Debenture Stock on January 1, 2021 at 102 per cent and offered the holders the following options:

(1) To apply the redemption money to subscribe for:

(a) 6% Cum. Pref. Shares of 20 each at 22.50 per share accepted by the holders of ₹ 1,71,00,000 stock, or

(b) 6% Debenture Stock of 96% accepted by the holders of 1,44,00,000 stock, or

(2) To have their holdings redeemed for cash if neither of the options under (1) was accepted.

You are required to show the Journal Entries necessary to record the redemption and allotments under (1) and (2) and to state the amount of cash required to satisfy the option.

CO2 K2

9. a) Explain different forms of Internal Reconstruction.

CO3 K2

(or)

b) On 31-12-2018, A Ltd. has 10,000 Equity shares of Rs.10 each as authorised capital and the shares were all issued on which Rs.8 was paid up. In June, 2019 the company in general meeting decided to subdivide each share into two shares of Rs.5 each, Rs.4 paid up. In June, 2020 the company in general meeting resolved to consolidate 20 shares of Rs.5 each, Rs.4 per share paid up into one share of Rs.100 each, Rs.80 paid up. Pass Journal entries and show how share capital will appear in the Balance Sheet as on 31-12-2018, 31-12-2019 and 31-12-2020.

CO3 K2

3x12=36

Part C

Answer ALL questions

Answer Should not exceed 800 words or four pages

10. a) The Nagpur Chemical Works Ltd. issued for public subscription 1,00,000, Equity Shares of Rs.100 each at a premium of Rs.20 per share, payable as under:

On application 20 per share; On allotment, Rs. 50 per per share (including premium); On first call Rs. 20 per share; and on final call, ₹ 30 per share. Applications were received for 1,50,000 shares. The shares were allotted pro rata to the applicants for 1,20,000 shares, the remaining applications being rejected. Money over-paid on application was utilized towards sums/due on allotment.

Ram Lal to whom 4,000 shares were allotted, failed to pay allotment and call money and Krishan Kumar, to whom 5,000 shares were allotted failed to pay the two calls. These were subsequently forfeited after the second call was made.

All the forfeited shares were sold to Mohit Kumar as fully paid-up at Rs.80 per share. Pass the necessary Journal entries and also prepare the Balance Sheet, after the transactions are complete.

CO1 K3

(or)

b) Enumerate about the concept and various types of debentures

CO1 K2

Investment in shares at cost	50000	
Purchases	490500	
Selling expenses	79100	
Stock on 1.4.2020	145200	
Salaries and wages	68500	
Cash on hand	12000	
Interim preference dividend for half year to 30.09.2020	6000	
Bills Receivable	41500	
Interest on bank overdraft	7800	
Interest on debentures up to 30.09.2020	3750	
Sundry debtors and creditors	50100	87850
Freehold property and cost	486500	
Furniture at cost less depreciation of Rs. 15, 000	35000	
Income tax paid in advance for 2020 - 2021	10000	
Audit fees	5000	
6% preference share capital		200000
Equity share capital fully paid up		150000
5% mortgage debentures secured on freehold properties		4250
Dividends		28500
Surplus A/c 1.4.2020		670350
Sales (Net)		150000
Bank overdraft secured by hypothecation of stocks and receivables		
Total	1490950	1490950

You are required to prepare the statement of profit and loss for the year ended 31.3.2021 and the Balance sheet as on that date after taking into account the following:

- (i) Closing stock was valued at Rs. 142500
- (ii) Purchases include Rs. 5000 worth of goods and articles distributed among valued customers.
- (iii) Salaries and wages include Rs. 2000 being wages incurred for installation of electrical fittings which was recorded under furniture,
- (iv) Bills receivable include Rs. 1500 being dishonoured bills, 50% of which had been considered irrecoverable.
- (v) Bills receivable of Rs. 2000 maturing after 31.3.2021 were discounted.
- (vi) Depreciation on furniture is to be charged at 10% on WDV.
- (vii) Interest on debentures for the half year ending on 31.3.2021 was due on that date.
- (viii) Provide provision for taxation Rs. 4000.
- (ix) Salaries and wages include Rs.10000 being the directors remuneration.
- (x) Sundry debtors include Rs. 6000 debts due for more than six months.

CO2 K3

(or)

- b) Write the Specimen of Schedule III under Division I and Division II.
- 12.a) Balance sheet of BCR Ltd. As on 31st March 2021 appears as below:

CO2 K3

Particulars	Amount
I Equity and Liabilities:	
Shareholders funds:	
Share capital:	1500000
150000 equity shares at Rs. 10 each fully paid	500000
5000, 11% preference shares at Rs. 100 each fully paid	
Reserves and Surplus:	
Surplus a/c (Dr Balance)	(-) 1640000
Non – Current Liabilities:	
Secured loans: 11% Debentures	500000
Bank over draft	630000
Unsecured loans	500000
Current liabilities	500000
Other Current liabilities:	
Interest accrued on debentures	110000
Interest accrued on unsecured loans	150000
Total equity and liabilities	2750000
II Assets:	
Non Current Assets:	
Fixed assets less Depreciation reserve	500000
Current Assets:	
Stocks and Stores	600000
Receivables	1450000
Other Current Assets	200000
Total assets	2750000

The 11% preference share holders rights are to be reduced to 50% and converted into 15% debentures of Rs.100 each.

Current liabilities would be reduced by Rs. 50000 on account of provision no longer required.

The banks agree to the arrangement and to increase the cash credit / overdraft limits by Rs. 100000 upon the shareholders agreeing to bring in a like amount by way of new equity.

Besides additional subscription as above, the equity shareholders agree to convert the existing equity shares into new 10 rupees shares of total value Rs. 500000

The debit balance in the surplus account is to be wiped out, Rs. 260000 provided for doubtful debts and the value of fixed assets increased by 400000

Redraft the balance sheet of the company based on the above scheme of reconstruction.

CO3 K3

(or)

b) RNR Ltd. Decided to have internal reconstruction. Information taken from the books of the company as on 31st March 2021 was as follows:

Particulars	Amount
I Equity and Liabilities:	
Shareholder's Funds:	
Share capital:	
Authorised, issued and subscribed:	
25000 Equity shares at Rs. 10 each	250000
10000, 10% cumulative preference shares of Rs. 10 each	100000
Reserves and Surplus:	
Securities Premium account	25000
Surplus a/c (Dr balance)	(-) 130000
Non - Current Liabilities:	
10%, 800 Debentures of Rs. 100 each (Secured on freehold property)	80000
Current liabilities:	
Creditors for goods	30000
Creditors for expenses	11000
Interest accrued on debentures.	4000
Total equity and liabilities	370000
II Assets:	
Non - Current Assets:	
Fixed assets:	
Freehold property	75000
Leasehold property	100000
Plant and machinery	60000
Intangible assets: Goodwill	50000
(b) Investments	25000
Current Assets	60000
Total assets	370000

Preference dividends are in arrears for 2 years. A scheme for reduction of capital was sanctioned by the court as follows:

10% cumulative preference shared of 1Rs. 10 each to be reduced to Rs, 8 per share. Equity shares of Rs. 10 each to be reduced to Rs. 4 per share. After reduction, the shares are to be consolidated into shares of Rs. 10. The authorized capital to be restored to Rs. 100000 in 10% cumulative preference shares of Rs. 10 each and Rs. 250000 in equity shares of Rs. 10 each. One (new) equity share of Rs. 10 each is to be issued for every Rs. 40 of gross preference dividend in arrears.

The debenture holders agreed to take over the freehold property at Rs. 130000 and paid the balance to the company after satisfying their claim.

Fictitious and intangible assets are to be written off.

The value of assets are to be as follows: Leasehold property Rs. 80000; Plant and Machinery Rs. 50000; Current assets Rs. 40000.

Investments realized Rs.10000. Securities premium account balance is allowed to be utilized.

The scheme as sanctioned by the court was implemented.

Required:

Journal entries for reduction of share capital and consolidation of preference shares and equity shares.

Capital reduction account (iii) Cash account and (iv) Balance sheet after reduction.

CO3 K2

No.of.Copies : 100

Staff In Charge: Dr. S. Sangamithra , Ms. M. Vanishree &
Dr. D. Vanisree