

(NO. OF PAGES: 7)

(FOR THE CANDIDATES ADMITTED

SUB CODE **22UCF408**

DURING THE ACADEMIC YEAR 2022 ONLY)

REG.NO.

N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI

END-OF-SEMESTER EXAMINATIONS : MAY2024

B.COM FINANCE

MAXIMUM MARKS: 50

SEMESTER : IV

TIME : 3 HOURS

PART - III
CORPORATE ACCOUNTING
SECTION - A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

1. Accounting Standard for Amalgamation _____

a. AS-14 b. AS - 12 c. AS- 16 d. AS-18

2. After writing off all accumulated losses, the balance in capital reduction account should be transferred to _____

a. Share capital a/c b. capital reserve a/c c. general reserve a/c d. goodwill a/c

3. The percentage of profit transferred to statutory reserve in the Banking company is _____

a. 25% b. 30% c. 30 10% d. 5%

4. Schedule number deals with share capital under insurance companies.

a. 15 b. 8 c. 10 d. 5

5. A company which holds majority or whole of the shares in another company is ----- company.

a. private b. public c. Holding d. subsidiary

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES:

6. What is Absorption?

7. Write a note on "Internal reconstruction".

8. What is meant by rebate on bills discounted?

9. Write down the insurance claims under schedule 4 of insurance companies.

10. What do you understand by capital profit?

SECTION – B**(5 X 3 = 15 MARKS)****/2/****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.**

11. a) R Ltd., agrees to purchase the business of K Ltd., on the following terms:

For each of the 10,000 shares of Rs. 10 each in K Ltd., 2 shares in R Ltd., of Rs.10 each will be issued at an agreed value of Rs. 12 per share. In addition, Rs.4 per share cash also will be paid. Calculate purchase consideration.

(OR)

b) What are the methods for computing purchase consideration?

12. a) Write down the procedure of reducing share capital.

(OR)

b) Following are the assets and liabilities of weak Co. as on 31st March, 2012:

Liabilities	Rs.	Assets	Rs.
1,00,000 Equity shares of Rs. 10 each	10,00,000	Land	1,00,000
Sundry Creditors	1,73,000	Plant & Machinery	2,30,000
		Furniture & Fittings	68,000
		Stock	1,50,000
		Debtors	70,000
		Cash at Bank	5,000
		Surplus a/c (Negative balance)	5,50,000
	11,73,000		11,73,000

The approval of the court was obtained for the following scheme of reduction of capital:

- i) The equity shares to be reduced to Rs.4 per share
- ii) Plant and Machinery to be written down to Rs. 1,50,000
- iii) Stock to be revalued at Rs.1,40,000
- iv) The provision on debtors for doubtful debts to be created Rs.2,000
- v) Land to be revalued Rs.1,42,000

Pass journal entries to give effect to the above arrangement and also prepare reconstruction account.

13. a) What are the various classification of advances to be considered under NPA?

(OR)

b) On 31st March, 1998 a bank held the following bills, discounted by it earlier:

Date of bill (1998)	Term of bill (months)	Discounted @%p. a	Amount of bill (Rs.)
January,17	4	17	7,30,000
February ,7	3	18	14,60,000
March, 9	3	17.5	3,64,000

You are required to calculate the rebate on bills discounted.

14. a) The Life fund of a Life Insurance Company on 31-03-2006 showed a balance of Rs. 54,00,000. However the following items were not taken into account while preparing the revenue A/C for 2005-06. What is the true life assurance fund.

1. Interest and dividend accrued on investments Rs.20,000
2. Income tax deducted at source on the above - Rs.6,000
3. Reinsurance claims recoverable - Rs.7,000
4. Commission due on reinsurance premium paid - Rs.10,000
5. Bonus in reduction of premiums - Rs.3,000

(OR)

b) Prepare, in the proper statutory form, the revenue account of the Jai Hind Life Assurance Co. Ltd, for the year ended 31st march 2006 from the following figures.

Particulars	Rs. ('000)	Particulars	Rs. ('000)
Claims by death	76,140	Commission	9,574
Claims by maturity	30,110	Interest, dividend & rent	97,840
Premiums	7,05,690	Income tax thereon	35,710
Transfer fees	129	Surrenders	13,140
Consideration for annuity granted	82,127	Bonus in reduction of premium	980
Annuities granted	53,461	Dividend paid to shareholders	5,500
Bonus paid in cash	2,416	Life assurance fund (01-04-2005)	15,21,000
Expenses of management	31,920		

15. a) How will you compute minority interest?

(OR)

b) From the following summarized balance sheet of H Ltd. And S Ltd. as on 31-12-94, prepare Consolidated B/S of the two companies.

Liabilities	H Ltd.(Rs.)	S.Ltd. (Rs.)	Assets	H Ltd.(Rs.)	S.Ltd. (Rs.)
Share capital: Shares of Re.1 each			Sundry assets	200	1,800
P & L A/C	1,400	1,000	Investment (900 shares in S Ltd.)	1,200	-----
Creditors	-	300			
	-	500			
	1,400	1,800		1,400	1,800

When H Ltd. purchased the shares in S Ltd. the P&L A/C of the latter had a credit balance of Rs. 200.

SECTION - C

(5X 5 = 25 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.

16.a.The following is the B/S of X Ltd., as on 31-03-1996:

Liabilities	Rs.	Assets	Rs.
Share capital:		Land and building	10,00,000
2,00,000 shares of Rs. 10 each	20,00,000	Plant & Machinery	15,00,000
General Reserve	2,50,000	Furniture	25,000
Dividend equalization Reserve	2,00,000	Stock	6,00,000
P&L A/C	51,000	Work-in-Progress	3,00,000
12% Debentures	10,00,000	Sundry Debtors	2,50,000
Sundry Creditors	3,00,000	Cash at bank	1,26,000
	38,01,000		38,01,000

A company was absorbed by A Ltd. on the above date. The consideration for the absorption is the discharge of the debentures at a premium of 5%, taking over the liability in respect of sundry creditors and a payment of Rs. 7 in cash and one share of Rs. 5 in A Ltd.at the market value of Rs. 8 per share for every share in X Ltd. The cost of liquidation of Rs. 15,000 is to be met by the purchasing company. Pass journal entries in the books of A Ltd.

(OR)

b)The summarized B/S of Gery and Reny Ltd., as on march 31st were as follows:

B/S

Particulars	Gery Ltd.,(Rs.)	Reny Ltd.,(Rs.)		Gery Ltd.,(Rs.)	Reny Ltd.(Rs.),
Issued share capital:			G.W	-----	60,000
Shares of Rs. 10 each	4,00,000	3,00,000	Fixed assets less	3,00,000	1,20,000
Creditors	40,000	1,20,000	depreciation	2,10,000	1,40,000
P&L A/C	70,000	-----	Current assets	-----	1,00,000
	5,10,000	4,20,000	P&L A/C		
				5,10,000	4,20,000

Gery Ltd. resolved to take over the business of Reny Ltd. With effect from April 1.The shareholders of the latter company agreed to accept shares in the former company on the basis that the shares of Grey Ltd.were with worth Rs.12 each and shares of Reny Ltd., were worth Rs. 5 each. The purchasing company took over the fixed assets of Reny Ltd., together with the current assets and were not required to pay the liabilities.

Assuming the necessary formalities were carried out, make entries in the books of Grey Ltd., and draw up its B/S immediately after the merger.

17. a.

B/S of X Ltd.

Liabilities	Rs.	Assets	Rs.
Issued and paid up Share capital:		Goodwill	10,000
10,000 equity shares of Rs.10 each fully paid	1,00,000	Other fixed assets	90,000
10,000, 7% preference shares of Rs.10 each ,fully paid	1,00,000	Stock-in-trade	25,000
		Debtors	30,000
		P&L A/C	45,000

	2,00,000		2,00,000
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	Particulars	Rs.	
share can be shares Rs.10 71/2%	Standard assets	14,91,300	It was resolved that equity capital of Rs.10 each reduced to fully paid of Rs.6 each and 7% preference shares of each be reduced at fully paid preference shares of Rs.7 each. Number of shares in each case remained the same.
	Sub-standard assets	92,800	
	Doubtful assets (secured): For one year	25,660	
	For 1-3 Yrs.	15,640	
	For more than 3 yrs.	6,580	
	Loss assets	10,350	

It was further resolved that the amount so available be used for writing off the debit balance of the profit and loss account, and goodwill account and other fixed assets to the extent possible.

There was an arrears of preference dividend for the last three years and it was decided that they be cancelled. Pass journal entries and prepare revised B/S.

(OR)

b. ABC Ltd., passed resolution and got court permission for the reduction of its share capital by Rs.5,00,000 for the purpose mentioned as under:

1. To write off the debit balance of P&L A/C of Rs.2,10,000
2. To reduce the value of plant and machinery by Rs.90,000 and G.W by Rs.40,000.
3. To reduce the value of investments by Rs. 80,000

The reduction was made by converting 50,000 preference shares of Rs.20 each fully paid to the same number of preference shares of Rs.15 each fully paid and by converting 50,000 equity shares of Rs.20 each on which Rs.15 is paid up into 50,000 equity shares of Rs.10 each fully paid up.

Pass journal entries to record the share capital reduction.

18. a. On 31st march 1998, Bharat commercial bank Ltd. Finds its advances classified as follows:

Particulars	Rs.
Standard assets	14,91,300
Sub-standard assets	92,800
Doubtful assets (secured): For one year	25,660
For 1-3 yrs.	15,640
For more than 3 yrs	6,580
Loss assets	10,350

Calculate the amount of provision to be made by the bank against the above-mentioned advances.

(OR)

b. From the following particulars, prepare a P&L A/C of New bank Ltd., for the year ended 31-12-1996.

Particulars	Rs. (‘000)	Particulars	Rs. (‘000)
Interest on loans	260	Interest on cash credit	225
Interest on fixed deposit	280	Rent & Taxes	20
Rebate on bills discounted	50	Interest on over draft	56

Commission charged to customers	9	Directors and Auditor's fees	4
Establishment expenses	56	Interest on savings bank account	70
Discount on bills discounted	200	Postage and telegrams	2
Interest on current accounts	45	Sundry charges	2
Printing and advertisements	3		

19.a. Sun Insurance Company, has furnished the following information for preparation of revenue account for fire insurance business for the year ended 31-03-2018.

Particulars	Rs.	Particulars	Rs.
Claims admitted but not paid	50,851	Claims paid	18,000
Commission paid	60,000	Premiums received less reinsurance	6,62,400
Commission on reinsurance ceded	14,400	Reserve for unexpired risk on 01-04-2017	2,76,000
Share transfer fees	2,400	Additional reserve on 01-04-2017	48,000
Expenses of management	93,600	Claims outstanding as on 01-04-2017	32,400
Bad debts	3,000	Dividend on share capital	22,2000

The following further information has also to be considered:

- i) Premiums outstanding at the end of the year Rs.48,000
- ii) It is the policy of the company to maintain 50% of premium towards reserve for unexpired risks
- iii) Additional reserve 10% of net premium to be maintained.

(OR)

b. From the following figures appearing in the books of Fire insurance division of a general company, show the amount of claim as it would appear in revenue account, by preparing schedule 2, claims incurred.

Particulars	Direct Business Rs. ('000)	Re-insurance Rs.('000)
Claims paid during 2005-06	4,670	700
Claims payable: 1-04-2005	763	87
31-03-2006	812	53
Claims received	-	230
Claims receivable: 1-04-2005	-	65
31-03-2006	-	113
Expenses of management (Includes Rs.35000 and surveyor's fees and Rs.45000d legal expenses for settlement of claims	230	----

20.a. The following are the B/S of H Ltd & S Ltd. as on 31 Dec.2016.

Liabilities	H.Ltd.(Rs.)	S. Ltd. (Rs.)	Assets	H.Ltd.(Rs.)	S. Ltd (Rs.)
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Share capital: Shares of Rs.10 each	1,40,000	40,000	Fixed asset	90,000	30,000
General reserve	30,000	9,000	Plant	45,000	16,000
P&L A/C	15,000	12,000	Stock	16,000	5,000
Creditors	30,000	8,000	Debtors	20,000	8,000
			Investment:..3000 Shares in S Ltd.	37,000	
			Bank	7,000	10,000
	2,15,000	69,000		2,15,000	69,000

On the date of acquisition of shares in S Ltd., the later company had undistributed profits and reserves amounting to Rs. 4,000 and Rs. 6,000 respectively. The creditors of S Ltd. include Rs. 4,000 for goods supplied by H Ltd, on which S Ltd. Made a profit of Rs. 1,000. Half of the goods were still in stock on 31-12- 2016.

(OR)

b. On 31st march 2006 the B/S of H Ltd, and its subsidiary S Ltd. Stood as follows:

Liabilities	H.Ltd.(Rs.)	S. Ltd. (Rs.)	Assets	H.Ltd.(Rs)	S. Ltd (Rs.)
Equity Share capital	8,00,000	2,00,000	Fixed asset	5,50,000	1,00,000
General reserve	1,50,000	70,000	Stock	1,05,000	1,77,000
P&L A/C	90,000	55,000	Other current assets	2,25,000	1,28,000
Creditors	1,20,000	80,000	75% Shares in S Ltd.	2,80,000	-----
	11,60,000	40,5000		11,60,000	40,5000

Draw a consolidated B/S as at 31st march ,2006 after taking into consideration the following information:

- i) H Ltd. acquired the shares on 31st July ,2005.
- ii) S Ltd.earned profit of Rs.45,000 for the year ended 31st march 2006.
- iii) In January 2006, S Ltd. Sold to H Ltd.goods costing Rs.15,000 for Rs.20,000.
On 31st march,2006 half of these goods were lying as unsold in the godown of H Ltd.