

(FOR THE CANDIDATES ADMITTED

SUBJECT CODE **21UCO 409**

DURING THE ACADEMIC YEAR 2021-22 ONLY)

REG.NO. **N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI****END-OF-SEMESTER EXAMINATIONS : MAY – 2023****B.Com. (AIDED & SF)****MAXIMUM MARKS: 70****IV SEMESTER****TIME : 3 HOURS****PART – III****HIGHER CORPORATE ACCOUNTING****SECTION – A (10 X 1 = 10 MARKS)****ANSWER THE FOLLOWING QUESTIONS.****MULTIPLE CHOICE QUESTIONS.****(K1)**

- The Amalgamation Adjustment Account appears in the books, and it is shown under the heading of _____ in the balance sheet.
 - Reserve and Surplus
 - Fixed Assets
 - Investments
 - Miscellaneous Expenditure
- Both of the old companies will not exist in _____.
 - Internal reconstruction
 - Absorption
 - External reconstruction
 - Amalgamation
- Banking companies in India are governed by _____.
 - As per act 1932
 - Income Tax act
 - AS-23
 - Banking Regulation Act 1949
- The profit and loss amount of general insurance companies is prepared in _____.
 - Form A-PL
 - Form B – RA
 - Form B – PL
 - Form B – BS
- Out of the unrealized profits, a holding company's share is reduced from the stock and _____.
 - Profit & Loss A/C
 - Goodwill
 - Minority Interest
 - Capital A/C

ANSWER THE FOLLOWING ONE OR TWO SENTENCES.**(K2)**

- Mention the types of Amalgamation
- What is meant by external reconstruction?
- State the meaning of non-performing assets
- Define life insurance
- What is dividend?

SECTION – B (5 X 4 =20 MARKS)**ANSWER EITHER (A) OR (B) IN EACH OF THE****FOLLOWING QUESTIONS.****(K3)**

- X Ltd. agrees to acquire the business of Y Ltd. on the following terms:

1.The shareholders of Y Ltd. are to be paid Rs. 25 in cash and are offered four shares of Rs. 10 each in X Ltd. for every share in Y Ltd. Y Ltd. has 50,000 equity shares outstanding as on the date of amalgamation.

(CONTD.....2)

(2) (21 UCO 409)

2. The debenture holders holding 5,000 debentures of Rs. 100 each are to be redeemed at a premium of 10%.
3. Cost of liquidation amounting to Rs. 25,000 are to borne by X Ltd.

Calculate the value of purchase consideration.

(OR)

- b) Raman Ltd., agreed to purchase the business of Krishnan Ltd., on the following terms:
- a) For each of the 10,000 shares of Rs.10 each in Krishnan Ltd. 2 shares in Raman 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.
- b) 8% Debentures worth Rs.80, 000 will be issued to settle the Rs.60, 000 9% debentures in Krishnan Ltd.
- c) Rs.10, 000 will be paid towards the expenses of winding up.

Calculate the purchase consideration.

12. a) State the objectives of external reconstruction

(OR)

- b) Differentiate between internal and external reconstruction.
13. a) From the following information relating to Lakshmi bank Ltd., prepare the Profit & Loss account for the year ended as 31st December, 1987

	Rs.		Rs.
Rent received	72,000	Salaries and allowances	2,18,800
Exchange commission	32,000	Postage	5,600
Interest on fixed deposits	11,00,000	Sundry charges	4,000
Interest on savings bank A/c	2,72,000	Directors and auditors fees	16,800
Interest on overdrafts	2,16,000	Printing	8,000
Discount on bills discounted	7,80,000	Law charges	3,600
Interest on current accounts	1,68,000	Lockers rent	1,400
Interest on cash credits	8,92,000	Transfer fees	2,800
Depreciation on bank property	20,000	Interest on loans	10,36,000

(OR)

- b) On 31st March 1998, Bharat Commercial Bank Ltd., finds its advances classified as follows:

	Rs.
Standard assets	14,91,300
Substandard assets	92,800
Doubtful assets (secured)	
Doubtful for one year	25,660
Doubtful for one year to 3 years	15,640
Doubtful for more than 3 years	6,580
Loss assets	10,350

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

(CONTD.....3)

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14. a) A life assurance company prepared its Revenue A/c for the year 31.3.2006 and ascertained its life Assurance fund to be Rs.28, 35,000. It was found later that the following had been omitted from the accounts:
- a) Interest accrued on investments Rs.39,000
Income tax liable to be deducted thereon is estimated to be Rs.10,500
 - b) Outstanding premium Rs.32,800
 - c) Bonus utilized for reduction of premium Rs.6,750
 - d) Claims intimated but not admitted Rs.17,400
 - e) Claims covered under reinsurance Rs.6,500

(OR)

- b) A Life Assurance Corporation gets its valuation made once in every two years. The life assurance fund on 31st March, 2012 amounted to Rs.41,92,000 before providing for Rs.32,000 for the shareholders' dividend for the year 2011-12. Its actuarial valuation on 31st March, 2012, disclosed net liability of Rs.40,40,000 under the assurance and annuity contracts. An interim bonus of Rs.40,000 was paid to the policy holders during the period ending 31st March, 2012.
15. a) The Balance sheet of C Ltd., and D Ltd, as at 31st December, 1986 is as follows:

Liabilities	C Ltd Rs.	D Ltd Rs.	Assets	C Ltd Rs.	D Ltd Rs.
Share capital (in shares of Rs.10 each)	2,00,000	1,00,000	Sundry assets	1,32,500	1,38,200
General reserve	18,000	20,000	Goodwill	-	20,000
Profit & Loss A/c	24,500	23,000	Shares in D ltd at cost	1,40,000	
creditors	30,000	15,200			
	2,72,500	1,58,200		2,72,500	1,58,200

In the case of D ltd., profit for the year ended 31st December 1986 is Rs. 12,000 and transfer to reserve is Rs. 5,000. The holding of C Ltd., in D Ltd is 90% acquired on 30th June 1986. Draft a consolidated balance sheet of 'C' Ltd., and its subsidiary.

(OR)

- b) The following is the Balance Sheet of K Ltd. and S Ltd. as on 31st March 2021.

Liabilities	K Ltd. (Rs.)	S Ltd. (Rs.)	Assets	K Ltd. (Rs.)	S Ltd. (Rs.)
ShareCapital (SharesofRs.10each)	4,00,000	3,00,000	SundryAssets	3,80,000	4,00,000
Reserves	1,00,000	-	Investments (In100%sharesofSLtd.)	3,20,000	-
Creditors	2,00,000	1,00,000			
	7,00,000	4,00,000		7,00,000	4,00,000

Prepare a Consolidated Balance Sheet as on 31st March, 2021.

(CONTD.....4)

(4) (21 UCO 409)

SECTION – C

(4 X 10 = 40 MARKS)

ANSWER ANY FOUR OUT OF SIX QUESTIONS

(16th QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS.

(K4 (Or) K5)

16. On 31ST March 1998, the balance sheet of X Ltd., stood as follows:

Liabilities	Rs.	Assets	Rs.
Share capital: 1,50,000 equity shares of Rs.10 fully paid	15,00,000	Plant & Machinery	16,10,000
Securities premium	1,50,000	Furniture's & fixtures	1,94,400
General reserve	6,25,500	Stock	7,05,500
Profit & Loss A/c	1,85,300	Debtors	1,98,440
Creditors	3,60,740	Cash at bank	1,13,200
	28,21,540		28,21,540

On this date, X Ltd., took over the business of Y Ltd., for Rs.6,60,000 payable in this form of its fully paid equity shares of Rs.10 each at par,

Shareholders of Y ltd., getting 110 shares of X Ltd., for every 100 shares held in Y Ltd. the scheme of amalgamation also provided that 3,000 11% debentures of Y Ltd., would be converted into equal number of 12% debentures of X Ltd., of Rs.100 each. The Balance sheet of Y Ltd., on the date of amalgamation was as follows:

Liabilities	Rs.	Assets	Rs.
Share capital: 60,000 equity shares of Rs.10 fully paid	6,00,000	Machinery	5,50,000
Capital Reserve	13,000	Furniture	1,35,200
Foreign Projects reserve	9,700	Stock	3,15,800
General reserve	75,350	Debtors	1,29,300
Profit & Loss A/c	24,130	Cash at bank	74,360
3,000 11% debentures of Rs.100 each	3,00,000		
Creditors	1,82,480		
	12,04,660		12,04,660

Required to

- (i) Prepare realization account and equity shareholders A/c in Y Ltd., ledger.

(CONTD.....5)

(5) (21 UCO 409)

17. Kala Ltd., Balance sheet showed the following position on 31st march 2014

Liabilities	Rs.	Assets	Rs.
10000 equity shares of Rs.100each	1000000	Fixedassets	800000
Capitalreserve	200000	Currentassets	400000
Bankloan	200000	Cashatbank	200000
Tradecreditors	300000	Profit&lossA/c	300000
Total	1700000	Total	1700000

Mala ltd. was incorporated to take the fixed assets and 60% of the current assets at an agreed value of Rs.900000 to be paid as to Rs.740000 in equity shares of Rs.10 each and the balance in 9% debentures. The debentures were accepted by bank in settlement of loan. Remaining current assets realized Rs.90000. After meeting Rs.20000 expenses of liquidation, all the remaining cash was paid to the creditors in full settlement.

Give journal entries in the books of both the companies and prepare the initial balance sheet of Mala ltd., if the amalgamation is in the nature of purchase.

18.The following is the Trial balance of Shri Nidhi Bank Ltd., as on 31.12.1986

	Debit (Rs.)	Debit(Rs.)
Authorised capital		5,00,000
Unissued capital	2,00,000	
Uncalled capital	1,50,000	
Reserve fund	-	3,00,000
Investment fluctuation fund	-	20,000
Bank overdraft, loans and cash credits	4,00,000	-
Bank premises	60,000	-
Government bonds	3,00,000	-
Other government securities	2,00,000	-
Current accounts	-	6,00,000
Profit and loss account on 1.1.1986	-	25,000
Money at call and short notice	70,000	-
Bills discounted	73,000	-
Shares	17,000	-
Cash in hand	1,10,000	-
Cash at bank	3,00,000	-
Income tax paid	9,000	-
Salaries and other expenses	73,500	-
Interest discounts etc	-	1,70,000
Interim dividend paid	7,500	
Deposits and savings bank accounts	-	3,55,000
	19,70,000	19,70,000

(CONTD.....6)

Additional information:

- (i) The bills discounted mature at an average date of February 19, 1987. All bills are discounted at 10% per annum.
- (ii) The market value of investment in government securities was Rs.4,75,000. Increase investment fluctuation fund with the necessary amount.
- (iii) Bank added premises during the year of Rs. 10,000. Provide 5% depreciation on the opening balance.
- (iv) Interest accrued on investment was Rs.750
- (v) Provision for taxation 1.1.1986 was Rs. 10,000. It is to be increased to Rs. 30,000.

Prepare the final accounts in the statutory form.

19. Yashoda Bank Ltd. provides you the following balances you are asked to prepare Profit and Loss account and Balance Sheet.

Particulars	Amount(Rs.)
Sharecapital	3,40,000
StatutoryReserves	1,04,000
OtherReserves	1,00,000
TermLoans	17,00,000
Cash credit	37,62,100
Bills purchased	27,89,700
Rebate on bills discounted	81,600
Deposits from other Banks	14,87,500
Current deposits	23,23,900
Saving account	29,44,400
Legal charges	62,500
Repairs	2,62,000
Insurance on bank property	95,500
Entertainment expenses	71,100
Directors sitting fees	1,51,000
Printing charges	67,000
Rent and Taxes	35,000
Bonus and other staff benefits	2,30,000
Profit and loss account (credit Balances)	13,94,000
Interest paid on deposits	12,71,600
Discount on domestic Bills purchased	7,59,900
Commission received on letter of credit	4,98,100
Bank property	81,6,000
Cash with RBI	39,100
Interest received on loans and advances	21,86,200
Investments	2,58,100
Stationery and stamps	1,38,000
Cash with Exe Bank Ltd.	4,84,500
Income on investments	13,600

(CONTD.....7)

(7) (21 UCO 409)

Other Information

- 1)The Bank provided depreciation on its property at the rate of 12% p.a.
- 2)Tax to be provided at 40 %.
- 3)Directors declared dividend at 10%.
- 4)Liabilities on partly paid investment Rs. 81,600

20. The following figures are extracted from the books of Z Insurance Company Ltd. at 31-3-2012:

	Rs.		Rs.
Claims Paid Less Reinsurance		Building (Cost Rs.1,25,000)	87,000
Fire	80,000	Office Equipment (Cost Rs.48,000)	30,000
Marine	62,000	Cash in Hand	56,000
General Reserve	1,18,000	Cash at Bank	1,04,000
Commission Paid :		Premium less Reinsurance	
Fire	48,000	Fire	2,10,000
Marine	39,000	Marine	1,63,000
Share Capital (20,000 shares of			
Rs.100 each)	2,00,000	Tax Deducted at Source	9,000
Expenses of Management:		Furniture (cost Rs.18,000)	12,000
Fire	53,000	Premiums Due:	
Marine	36,000	Fire	28,000
Investments at Cost:		Marine	20,000
Central Govt. Securities		Due from Other Insurers	27,000
deposited with RBI	19,21,000	Directors' fee	4,000
Other Central Govt. Securities	1,23,000	Commission on Reinsurance Ceded	
State Govt. Securities	2,22,000	Fire	23,000
Share in Companies	2,49,000	Marine	2,000
Depreciation	21,000	Dividends	20,000
Additional Reserve:(1-4-2011)			
Fire	2,000	Interest on Investments	1,00,000
Marine	16,000	Due to Other Insurers	43,000
Interest Accrued	25,000	Contingency Reserve	39,000
		Investment Reserve	47,000

(CONTD.....8)

(8) (21 UCO 409)

Following further information is also given.

Claims outstanding on 31/3/2012 are “Fire Rs.17,000, Marine Rs.6,000. (2) Market value of investment is Rs. 24,01,000. (3) Increase additional Reserve by 10% of net premium for the year of Fire . (4) Maintain reserves for unexpired risks at 50% of Premium for the year in case of Fire insurance and 100% of Premium for the year in case of Marine insurance. Prepare Revenue Accounts, Profit and Loss Account and Balance Sheet.

21. On the 31st march, 1996 the balance sheet 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 assets	5,50,000	1,00,000
General reserve	1,50,000	70,000	75% shares in S Ltd(at cost)	2,80,000	-
Profit & Loss A/c	90,000	55,000	Stock	1,05,000	1,77,000
Creditors	1,20,000	80,000	Other current assets	2,25,000	1,28,000
	11,60,000	4,05,000		11,60,000	4,05,000

Draw a consolidate balance sheet as on 31st march, 1996 after taking into consideration the following information

(i) H Ltd acquired the shares on 31st July ,1995

(ii) S Ltd earned the profit of Rs. 45,000 for the year ended on 31st march ,1996

(iii) In January 1996 S Ltd, sold to H Ltd, goods costing Rs.15, 000 for Rs.20,000. On 31st march, 1996 half of these goods were lying as unsold in the godown of H Ltd. Give your working notes.
