

(FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2022 ONLY)

22PCC101

REG.NO. :

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

END-OF-SEMESTER EXAMINATIONS: DECEMBER – 2022

M.Com.- C.A.

MAXIMUM MARKS: 50

I SEMESTER

TIME: 3 HOURS

HIGHER CORPORATE ACCOUNTING**SECTION - A (10 X 1= 10 MARKS)****ANSWER THE FOLLOWING QUESTIONS.****MULTIPLE CHOICE QUESTIONS.****K1**

1. Disclosure of Accounting Policies are dealt in _____.
(a) AS - 2 (b) AS - 1 (c) AS - 5 (d) AS - 19
2. Pooling of Interest method is used to account for Amalgamations in the nature of _____.
(a) Purchase (b) Sale (c) Merger (d) None of these
3. The term “Minority Interest” represents _____.
 - a. The shareholders holding 50% of shares in Subsidiary Company
 - b. The interest of the outsiders in the Subsidiary Company
 - c. The company which holds more than 51% in Subsidiary Company
 - d. None of these
4. An asset which does not generate any income to the banker is termed as _____.
(a) Performing Asset (b) Fixed Asset (c) Non-Performing Asset (d) Current Asset
5. In the historical accounting system, the term “Cost” represents _____.
(a) Replacement costs (b) Current costs (c) Imputed costs (d) Original costs

ANSWER THE FOLLOWING IN ONE OR TWO SENTENCES. K2

6. Define Accounting Standards.
7. What is meant by Amalgamation?
8. How a Holding Company can be defined?
9. What is Statutory Reserve?
10. What do you understand by Inflation Accounting?

SECTION – B (5 X 3 = 15 MARKS)**ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. K3**

11.a. The following ledger balance were extracted from the book of Varun Ltd. as on 31.3.2013:
 Land & building Rs. 2,00,000; 12% Debenture Rs. 2,00,000; share capital Rs. 10,00,000 (equity shares of Rs. 10 each fully paid up); Plant & machinery Rs. 8,00,000; Good will Rs. 2,00,000; Investment in shares of Raja Ltd. Rs. 2,00,000; General reserve Rs. 1,95,000; stock in trade Rs. 1,00,000; Bills receivable Rs. 50,000; Debtors Rs. 1,50,000; Creditors Rs. 1,00,000; bank loan (unsecured) Rs. 1,00,000; Provision for tax Rs. 50,000; Proposed dividend Rs. 55,000.

Prepare the Balance sheet of the company as per Revised Schedule VI, Part I of the Companies Act 1956.

(OR)

b. What are the Investing activities as per AS-3?

(CONTD....2)

12.a. What is the need for Accounting Standards?

(OR)

b. S Ltd. was taken over by R Ltd. The following position was mutually agreed upon:

	S Ltd.	R Ltd.
No. of Shares	60,000	90,000
Face value of share	100	10
Net assets	3,60,00,000	72,00,000

Ascertain intrinsic values of the shares, ratio of exchange of shares and No. of shares to be issued.

13.a. H Ltd. acquired 3,000 equity shares in S Ltd. on 1st April 1987. On 31st December 1987 the Balance sheet of S Ltd. was as follows:

Liabilities	Rs.	Assets	Rs.
Share capital: 4,000 equity shares of Rs. 100 each	4,00,000	Sundry assets	6,40,000
General reserve on 1.1.87 Profit & Loss A/c	80,000		
Balance on 1.1.87 Profit for	20,000 80,000	1,00,000	
Sundry creditors	60,000		
	6,40,000		6,40,000

Ascertain capital profits and revenue profits.

(OR)

b. Calculate minority interest from the balance sheet of Mumbai Ltd.

Balance Sheet of Mumbai Ltd., as on 31-12-1997

Liabilities	Rs.	Assets	Rs.
Share capital: 7,00,000 equity shares of Rs. 2 each	14,00,000	Sundry assets	10,00,000
General reserve as on 1.1.97	6,00,000	Plant and Machinery	7,00,000
Creditors	3,00,000	Other assets	1,50,000
Profit & Loss A/c as on 31.12.97	2,00,000	Investment (80% of shares)	6,50,000
	25,00,000		25,00,000

Madras Ltd. acquired 80% of the shares at Rs. 6,50,000.

14. a. Calculate Rebate on Bills discounted as on 31.3.2000.

Date of Bill	Amount Rs.	Period	Rate of Discount
15-1-2000	25,000	5 Months	8%
10-2-2000	15,000	4 Months	7%
25-2-2000	20,000	4 Months	7%
30-3-2000	30,000	3 Months	9%

(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.
i. January, 17	4	17	7,30,000
ii. February, 7	3	18	14,60,000
iii. March, 9	3	17.5	3,64,000

You are required to calculate the rebate on bills discounted. Also show the necessary journal entry for the rebate.

(CONTD.....3)

15. a. List down the steps of current purchasing power method?

(OR)

b. A life Assurance Company prepared its revenue A/c for the year ended 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 premiums 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

What is the true Life Assurance Fund?

SECTION – C (5 X 5 = 25 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. K4 & K5

16. a. Big Bull Ltd. Has a nominal capital of Rs. 6,00,000 divided into share of Rs. 10 each. The following Trial Balance is extracted from the books company as on 31. 12.1987.

	Rs.		Rs.
Calls in arrear	7,500	6% Debentures	3,00,000
Premises (Rs. 60,000 added on 1.7.87)	3,60,000	P & L A/c (1.1.87)	14,500
Machinery	3,00,000	Creditors	50,000
Interim dividend paid	7,500	General reserve	25,000
Purchases	1,85,000	Share capital (called up)	4,60,000
Preliminary expenses	5,000	Bills payable	38,000
Freight	13,100	Sales	4,15,000
Directors' fees	5,740	Provision for bad debts	3,500
Bad debts	2,110		
4% Government securities	60,000		
Stock (1.1.87)	75,000		
Furniture	7,200		
Sundry debtors	87,000		
Goodwill	25,000		
Cash	750		
Bank	39,900		
Wages	84,800		
General expenses	16,900		
Salaries	14,500		
Debenture interest	9,000		

Prepare final accounts of the company for the year ending 31.12.87 in the prescribed from after taking into account the following adjustments:

- a) Depreciate machinery by 10% and furniture by 5%
- b) Write off preliminary expenses
- c) Wages include Rs. 10,000 paid for the construction of a compound wall to the premises and no adjustment was made.
- d) Provide 5% for bad debt on sundry debtors
- e) Transfer Rs. 10,000 to general reserve
- f) Provide for income tax Rs. 25,000
- g) Stock on 31.12.87 was Rs. 1,01,000.

(OR)

b. Explain the provision of "AS-6" Depreciation accounting in detail?

(CONTD.....4)

17. a. Alpha Ltd. And Beta Ltd. Were amalgamated on 1st April 2001. A new company Gamma Ltd. Was formed to take over the business of the existing companies. The Balance sheets of Alpha Ltd. And Beta Ltd. As on 31st March 2001 are given below.

Liabilities	Alpha Ltd.	Beta Ltd.	Assets	Alpha Ltd.	Beta Ltd.
Share capital Equity share of Rs. 100 each	1,000	800	Fixed assets	1,200	1,000
15 % pref. shares of Rs. 100 each	400	300	Current Assets, Loans and Advances	880	565
Reserves and surplus: Revolution Reserve	100	80			
General Reserve	200	150			
P&L A/c	80	60			
Secured Loan: 12% Debentures of Rs. 100 each	96	80			
Current Liabilities & Provision	204	95			
	2,080	1,565		2,080	1,565

Other Information's:

1. 12% Debenture of Algha Ltd. And Beta Ltd. Are discharged by Gamma Ltd. By issuing adequate number of 16% Debentures of Rs. 100 each to ensure that they continue to receive the same amount of interest.
2. Preference shareholders of Alpha Ltd. And Beta Ltd. have received same number of 15% preferences shares of Rs. 100 each of Gamma Ltd.
3. Gamma Ltd. has issued 1.5 equity shares for each equity share of Alpha Ltd. And 1 equity share for each equity share of Beta Ltd. The face value of shares issued by Gamma Ltd. Is Rs. 100 each.

Prepare the Balance Sheet of Gamma Ltd. as on 1st April 2001 after the Amalgamation has been carried out using the 'Pooling of Interest method'.

(OR)

b. The books of S Ltd. contained the following balances as on May 31.1.1994.

	Debit Rs.	Credit Rs.
Equity share capital (Rs. 10 each)		12,00,000
Creditors		14,00,000
Patents & Trade marks	12,00,000	
Plant & Machinery	4,00,000	
Stock	3,00,000	
Debtors	5,00,000	
Cash	12,500	
Preliminary expenses	72,500	
Profit % Loss A/c	1,15,000	
	26,00,000	26,00,000

The Patents and trademarks are considerably over valued. The company is also not in a position to raise any further capital. The following scheme of reconstruction has, therefore been framed.

(CONTD.....5)

- i. The company will go into voluntary liquidation. A new company S Ltd. will be formed with an authorized capital of Rs. 20,00,000 to take over the assets.
- ii. Liability will be discharged by the new company to the creditors by payment of 25 paise in a rupee in cash and 50 paise in a rupee by issue of 9% debenture.
- iii. 1,20,000 shares of Rs. 10 each (Rs. 5 per share paid) will be issued to the shareholders of S Ltd. the balance Rs. 5 per share to be paid on allotment.
- iv. Expenses of liquidation amounting to Rs. 17,500 will be paid by S Ltd.

The scheme was approved by all concerned. You are required to:

- a) Close the ledger of S Ltd.
- b) Give entries to open the books of S Ltd.
- c) Prepare the opening balance sheet of S Ltd.

18. a. On 31st March, 1996 the balance sheets 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 consolidated Balance Sheet as at 31st March, 1996 after taking into consideration the following information:

- i. H Ltd. acquired the shares on 31st July, 1995.
- ii. S Ltd. earned profit of Rs. 45,000 for the year ended 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 go down of H Ltd.

Give your working notes.

(OR)

b. The Balance Sheets of X Ltd. and its subsidiary Y Ltd. as on 31st March, 1996 are given below:

Liabilities	X Ltd. Rs.	Y Ltd. Rs.	Assets	X Ltd. Rs.	Y Ltd. Rs.
Equity shares of Rs. 100 each	6,00,000	2,00,000	Buildings	4,12,000	1,20,000
General reserve	3,80,000	8,000	Machinery	1,00,000	96,000
Profit & Loss A/c	3,20,000	1,44,000	Furniture	20,000	12,400
Sundry creditors	60,000	64,400	Stock	1,36,000	80,800
			Investments	4,48,000	-
			Debtors	1,12,000	63,200
			Cash	1,32,000	44,000
	13,60,000	4,16,400		13,60,000	4,16,400

You are required to prepare consolidated Balance Sheet of X Ltd. and its subsidiary Y Ltd. as on 31st March, 1996 together with the working notes after giving effect to the following relevant information.

- i. X Ltd. acquired 80% equity shares in Y Ltd. on 1st July, 1995 at a cost price of Rs. 4,48,000.
- ii. In the Profit & Loss account of X Ltd. – interim dividend declared by Y Ltd. on 1st July, 1995 at the rate of 10% p.a. is included.

(CONTD.....6)

iii. Creditors of X Ltd. include an amount of Rs. 24,000 in respect of purchase from Y Ltd. and stock of X Ltd. also includes stock at cost price of Rs. 12,000 purchased from Y Ltd. which sells the goods by adding 25% profit on the cost price.

On 1st April, 1995 in the books of Y Ltd., Profit & Loss account credit balance was Rs. 1,12,000 from which the company declared 10% interim dividend.

During the year 1995-96 profit of the company was constant.

19. a. From the following information relating to Lakshmi Bank Ltd. prepare the Profit & Loss A/c for the year ended 31st December, 1987.

	Rs.		Rs.
Rent received	72,000	Salaries and allowances	2,18,000
Exchange and commission	32,000	Postage	5,600
Interest on fixed deposits	11,00,000	Sundry charges	4,000
Interest on savings banks A/c's	2,72,000	Director's & Auditor's 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	Locker rent	1,400
Interest on cash creditors	8,92,000	Transfer fees	2,800
Depreciation on bank property	20,000	Interest on loans	10,36,000

(OR)

b. On 31st December 1986, the following balance stood in the books of Asian Bank., after preparation of its profit and loss Account.

	Rs. (in' 000)
Share capital: Issued and subscribed	4,000
Reserve fund (under section 17)	6,200
Fixed deposits	42,600
Savings bank deposits	19,000
Current accounts	3,200
Money at call and short notice	1,800
Investments	25,000
Profit and loss account (cr) 1 st Jan 1986	1,350
Dividend for 1985	400
Premises	2,950
Cash in hand	380
Cash with RBI	10,000
Cash with other bank	6,000
Bills discounted and purchased	3,800
Loans, cash credits and over drafts	51,000
Bills payable	70
Unclaimed dividend	60
Rebate on bills discounted	60
Short loans (borrowing from other banks)	4,750
Furniture	1,164
Other assets	336
Net profit for 1986	1,550

Prepare balance sheet of the bank as on 31st December 1986.

(CONTD.....7)

20. a. From the following balance extracted from the books of the L.I.C as at 31.3.06, prepare a Revenue A/c for the year ending 31.3.2006 in the prescribed form:

	Rs. (in '000)		Rs. (in '000)
Claim by death	3,30,000	Life assurance fund (1.4.05)	63,31,000
Claims by maturity	2,15,000	Premiums	20,65,000
Agents & canvasser's allowance	26,500	Bonus in reduction of premiums	1,000
Salaries	44,200	Income tax on interest and dividends	5,700
Travelling expenses	1,200	Printing & Stationery	13,900
Directors fees	8,700	Postage & telegrams	14,300
Auditors fees	1,000	Receipt stamps	2,300
Medical fees	52,000	Reinsurance premiums	40,950
Commission	2,18,000	Interest & divided (Gross)	2,72,000
Rent	2,800	Policy renewal fees	9,600
Law charges	200	Assignment fees	540
Advertising	4,300	Endowment fees	960
Bank charges	1,500	Transfer fees	1,400
General charges	2,000		
Surrenders	47,500		

Provide Rs. 1,500 thousands for depreciation of furniture and Rs. 2,20,000 thousands for depreciation on investments.

(OR)

b. Explain the different methods of Inflation Accounting.
