

**FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2021 ONLY**

REG.NO

**NGM COLLEGE (AUTONOMOUS) POLLACHI
END-OF-SEMESTER EXAMINATIONS: MAY-2023**

B.Com-Business Process Services

MAXIMUM MARKS: 70

IV SEMESTER

TIME: 3 HOURS

PART III

HIGHER CORPORATE ACCOUNTING

SECTION – A (10 X1 = 10 MARKS)

**ANSWER THE FOLLOWING QUESTIONS
MULTIPLE CHOICE QUESTIONS**

(K1)

1. Accounting standard for Amalgamation is _____
 - a) AS 8
 - b) AS 20
 - c) AS 14
 - d) AS 3
2. Future retail Ltd is liquidated a new company Future Enterprises is formed to take over its business. It is a case of _____
 - a) External reconstruction
 - b) Amalgamation
 - c) Take over
 - d) Absorption
3. Bank prepares the accounts for _____
 - a) Calendar year
 - b) Diwali year
 - c) Financial year
 - d) Cooperative year
4. The Percentage of Profit of Life insurance to be distributed to policy holders is _____
 - a) 95%
 - b) 100%
 - c) 50%
 - d) 40%
5. A company in which more than 50% of shares are held by another company is termed as _____
 - a) Holding company
 - b) Subsidiary company
 - c) Government company
 - d) Public company

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. What is the meaning of absorption of companies ?
7. Who are Contributors ?
8. What is the main function of a banking company ?
9. Write a note on General insurance.
10. Expand CRR.

SECTION – B (5 X 4 = 20 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)

11. a) Prepare the purchase consideration under net assets method from the following information value of the assets taken over:

Fixed assets	Rs.17,87,500
Investments	Rs.3,00,000
Current assets	Rs.2,25,000
5% Debentures	Rs.3,85,000
Current liabilities	Rs.2,50,000

(CONTD....2)

(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.

12. a) Construct the accounting Entries for Internal Reconstruction.

(OR)

b) Ratan Ltd having a share capital of Rs.3,00,000 divided into 3,000 shares of Rs.100 each, resolves to sub-divide the shares into 30,000 shares of Rs.10 each. Pass the necessary journal entries.

13. a) On 31st March, 2022 a bank held the following bills, discounted by it earlier:

Date of bill 2022	Term of bill (Month)	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.

(OR)

b) On 31st March 2020, ICTI Commercial Bank Ltd., finds its advances classified as follows:

	Rs.
Standard assets	2,98,260
Sub-standard assets	18,560
Doubtful assets (Secured):	
: doubtful for one year	5,132
: doubtful for one year to 3 years	3,128
: doubtful for more than 3 years	1,316
Loss assets	2,070

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

14. a) From the following particulars, calculate the premiums earned (Net) to be derived In schedule 1 of a life insurance company:

Premium less reinsurance Rs. 1,61,500.

Accrued premium Rs. 5,000.

Bonus in reduction of premium Rs.5,000.

(OR)

b) The Life fund of a Life Insurance Company on 31.3.2020 showed a balance of Rs. 54,00,000. However, the following items were not taken into account while preparing the Revenue A/C for 2021-22:

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

(CONTD....3)

15. a) Determine an overview of Bonus Issue and Payment of Dividend.

(OR)

b) On 31st March, 2021 the balance sheets of H Ltd. and S Ltd. stood as follows:

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd Rs.	S Ltd Rs.
Share capital: Shares of Rs.10 each, fully paid	5,00,000	2,00,000	Sundry assets	5,17,600	3,04,000
Reserves	1,00,000	50,000	60 % shares in S Ltd. acquired on 31 st march, 2021 (cost)	1,62,400	-
Creditors	80,000	60,000	Preliminary expenses	-	6,000
	6,80,000	3,10,000		6,80,000	3,10,000

Prepare the consolidated Balance sheet as at 31st March,2021.

SECTION – C

(4 X 10 = 40 MARKS)

ANSWER ANY FOUR OUT OF SIX QUESTIONS.

(16TH QUESTION IS COMPULSORY AND ANSWER ANY THREE

QUESTIONS FROM Q.NO: 17 TO 21)

(K4) OR (K5)

16. Distinguish between Amalgamation and Absorption with suitable examples.

17. Alpha Ltd and Beta Ltd were amalgamated on 1st April 2022. A new company Gamma Ltd was formed to takeover the business of the existing companies. The balance sheet of Alpha Ltd and Beta Ltd as on 31st March 2022 are given below:

Liabilities	Alpha	Beta	Assets	Alpha	Beta
Share capital :Equity shares of Rs.100 each	1000	800	Fixed assets	1200	1000
15% Preference shares of Rs.100 each	400	300	Current assets, Loans and advances	880	565
Reserves and surplus:					
Revaluation reserve	100	80			
General reserve	200	150			
P & L a/c	80	60			
Secured loans:					
12% Debentures of Rs.100 each	96	80			
Current liabilities & provisions	204	95			
	2,080	1,565		2,080	1,565

Other informations:

- 12% Debenture of Alpha 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.
- Preference shareholders of Alpha Ltd and Beta Ltd have received same number of 15% Preference shares of Rs.100 each of Gamma Ltd.
- 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 for Rs.100 each.

Prepare the Balance sheet of Gamma Ltd as on 1st April 2022 after the Amalgamation has been carried out using the ‘Pooling of Interest method’.

(CONTD....4)

18. The following is the summarized balance sheet of Reckless Co.Ltd. as at 31st March 2020.

Liabilities	Rs.	Assets	Rs.
5,000 equity shares of Rs.100 each	5,00,000	Sundry assets Profit & Loss a/c	2,02,800 2,97,200
	5,00,000		5,00,000

The company has decided that the worst is over and hence it adopts a scheme of reconstruction, reducing all its equity shares into an equal number of fully paid equity shares of Rs.10 each.

Pass journal entries and prepare the balance sheet immediately after the reconstruction.

19. On 31st December 2021, the following balances stood in the books of Asian Bank Ltd., after preparation of its profit and Loss Account.

	Rs.(in 000)		Rs.(in 000)
Share capital	4,000	Cash with RBI	10,000
Reserve fund (Sec.17)	6,200	Cash with other banks	6,000
Fixed deposits	42,600	Bills discounted and Purchased	3,800
Savings bank deposits	19,000	Loans, cash credits and over drafts	51,000
Current accounts	23,200	Bills payable	70
Money at call and short notice	1,800	Unclaimed dividend	60
Investments	25,000	Rebate on bills discounted	50
P&L A/c (Cr) 1 st Jan 2021	1,350	Short loans (Borrowing from other banks)	4,750
Dividend for 2021	400	Furniture	1,164
Premises	2,950	Other assets	336
Cash in hand	380	Net Profit for 2021	1,550

Prepare balance sheet of the Asian bank as on 31st December 2021.

20. The following balances are abstracted from the books of New Bharat Life Insurance Co. Ltd., as on 31.3.2020.

	Rs. (in 000)		Rs. (in 000)
Life Assurance Fund(1-4-2019)	15,00,000	Claims paid during the year	64,900
Premiums	4,96,000	Annuities	2,050
Consideration for annuities granted	15,000	Bonus in reduction of premiums	1,600
Interest & Dividends	1,00,000	Medical fees	2,400
Fines for revival of policies	750	Surrenders	4,000
Reinsurance premium	20,750	Commission	18,650
Claims outstanding(1-4-2019)	4,500	Management expenses	22,000
		Income tax on Dividends	8,500

Prepare Revenue A/c after making the following adjustments:

(i) Outstanding balance: Claims Rs.14,000, Premiums Rs.4,600.

(ii) Further bonus for premium Rs.2,400.

(iii) Claims under reinsurance Rs.8,000.

21. From the following Balance sheets of H Ltd. and S Ltd prepare a consolidated Balance sheet of H Ltd. and S Ltd.

Balance sheet as on 31-12-2022

Liabilities	M Ltd Rs.	C Ltd Rs.	Assets	M Ltd. Rs.	C Ltd Rs.
Share capital: (shares of Rs.1 each)	12,000	5,000	Sundry assets	20,000	8,000
Reserve	5,000	1,000	Investment in 5,000 shares of S Ltd.	6,500	-
P&L A/C	2,000	1,000			
Sundry creditors	7,500	1,000			
	26,500	8,000		26,500	8,000

Shares were acquired by H Ltd. in S Ltd., on 30-6-2022.

S Ltd., transferred Rs.500 from profits to reserve on 31-12-2022.
