

N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI**END-OF-SEMESTER EXAMINATIONS : MAY – 2023****B.Com. – P.A.****MAXIMUM MARKS: 70****IVSEMESTER****TIME : 3 HOURS****PART – III****HIGHER COEPORATE ACCOUNTING****SECTION – A (10 X 1 = 10 MARKS)****ANSWER THE FOLLOWING QUESTIONS.****MULTIPLE CHOICE QUESTIONS. (K1)**

1. Show the Accounting standard for amalgamations is _____.
(a) AS – 8 (b) AS – 20 (c) AS – 14 (d) AS – 3
2. Select the Net Assets minus Capital Reserve is _____.
(a) Goodwill (c) Purchase Consideration
(b) General Reserve (d) None of the above
3. Choose the Present Cash Reserve Ratio _____.
(a) 4.5% (b) 5.5% (c) 6% (d) 7.5%
4. When a policy matures on the death of the insured, it is expressed _____.
(a) With Profit Policy (c) Whole Life Policy
(b) Without Profit Policy (d) None of the above
5. Identify the preparation of Consolidated Balance sheet of Holding Company and its Subsidiary Company as per _____.
(a) AS -20 (b) AS -21 (c) AS -22 (d) AS – 23

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

6. Define “Amalgamation”.
7. Infer the ‘External-Reconstruction’.
8. Describe the term “Rebate on Bills Discounted”.
9. Explain the term “Insurance”.
10. Demonstrate the “Holding Company”.

(CONTD.....2)

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

11. (a) Lal Ltd., agreed to absorb the business of Mal Ltd. The Purchase Consideration was

as under:

- (i) For every year 4 10% Preference Shares of Rs.10 each in Mal Ltd 7 equity shares of Rs.8 paid up in Lal Ltd. There were 60,000 preference shares in Mal Ltd.
- (ii) .For every 3 equity shares of Rs.10 each in Mal Ltd., 8 equity shares in Lal Ltd., as Rs.10 paid up. There were 90,000 equity shares in Mal Ltd.

Find out the Purchase Consideration.

[OR]

(b) White Ltd. agreed to absorb Green Ltd as on 31-12-2006. The Consideration

Payable by White Ltd was:

- (i). A Cash payment of Rs.2.50 for every shares in Green Ltd.
- (ii). The issue of 90,000 Rs.10 shares at an agreed value of Rs.12.50 per share.
- (iii). The Issue of such an amount of fully paid 5% debentures in white Ltd. at 90% as is sufficient to discharge the 6% Debentures in Green Ltd at a premium of 20%. The total number of equity shares in Green Ltd is 60,000 (each Rs.10) 6% debentures in Green Ltd Rs.1,00,000.

Calculate the Purchase Consideration.

12. (a) The Company 'B' takes over the business of 'A'. The value agreed for various assets are Goodwill Rs.22,000, Land and Building Rs.25,000, Plant and Machinery Rs. 24,000 stock Rs.13,000, Debtors Rs.8,000. B Company does not take over cash but agree to assume the liability of Sundry Creditors at Rs.5000.

Calculate the Purchase Consideration under Net Assets Method.

[OR]

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

Particulars	S.Ltd	R.Ltd.
No. of Shares	60,000	90,000
Face value of shares (Rs)	100	10
Net Assets (Rs)	3,60,00,000	72,00,000

Ascertain intrinsic value of shares, ratio of exchange of shares and number of shares to be issued.

(CONTD.....3)

13. (a). On 31st March, 2008 a bank held the following bills discounted by it earlier:

S.NO	Date of the Bill,2008	Term of Bills(Months)	Discounted at % 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). The Trial Balance of Kuber Bank Ltd., as on 31st March, 2016 shows the following balances:

S.NO	Particulars	Rs
(i)	Interest earned (including discount on bills)	45,40,600
(ii).	Rebate on bills discounted on 1-4-2015	4,750
(iii).	The amount of unexpired discount as on 31 st March,2016	5,560

You are required:

(i).To Pass necessary journal entries, and
 (ii).To show the ledger account of 'interest and discount account'.

14. (a). Difference of relationship between "Life insurance and General insurance".

[OR]

(b). The Revenue account of a life insurance company disclosed a life assurance fund of Rs 42,50,000 as on 31st March 2014, before taking into account the following items:

(i).Bonus utilized in reduction of Premium	Rs 25,000
(ii).Claims intimated but not admitted	Rs 38,500
(iii).Claims covered under reinsurance	Rs 9,000
(iv).Interest accrued on investments	Rs 11,000
(v).Premium outstanding	Rs 7,500

What is the life assurance fund after taking into account the above omissions?

15. (a). Describe the "steps involved in Preparing the Consolidated Balance Sheet" order holding Company Accounts.

[OR]

(b). From the following balance sheets of H Ltd., and S Ltd, Prepare a Consolidated balance sheet of H Ltd and its Subsidiary S Ltd.

(CONTD.....4)

Balance Sheet as on -----

Liabilities	H Ltd Rs	S Ltd Rs	Assets	H.Ltd Rs	S Ltd Rs
Share Capital (Share of Rs 10 each)	5,00,000	3,00,000	Sundry Fixed Assets Investment in 30,000 shares of S Ltd	5,00,000	5,00,000
Other Current Liabilities	<u>3,00,000</u>	<u>2,00,000</u>		<u>3,00,000</u>	
	<u>8,00,000</u>	<u>5,00,000</u>		<u>8,00,000</u>	<u>5,00,000</u>

SECTION – C**(4 X 10 = 40 MARKS)****ANSWER ANY FOUR OUT OF SIX QUESTIONS****(16th QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS
(FROM Qn. No : 17 to 21) (K4 (Or) K5)**

16. The following is the Balance Sheet of X Ltd as on 31-03-2006.

Liabilities	Rs	Assets	Rs
Share Capital: 2,00,000 shares of Rs 10 each	20,00,000	Land & Building	10,00,000
General Reserve	2,50,000	Plant & Machinery	15,00,000
Dividend equipment Reserve	2,00,000	Furniture	25,000
Profit & Loss Account	51,000	Stock	6,00,000
12% Debenture	10,00,000	Work-in-Progress	3,00,000
Sundry Creditors	<u>3,00,000</u>	Sundry Debtors	2,50,000
	<u>38,01,000</u>	Cash in band	<u>1,26,000</u>
			<u>38,01,000</u>

The 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.

Close the books of X Ltd., and Pass Journal entries in the books of A ltd.

17. Kala Ltd's Balance sheet showed the following position on 31st March 2005.

Liabilities	Rs	Assets	Rs
10,000 equity share of Rs 100 each	10,00,000	Fixed Assets	8,00,000
Capital Reserve	2,00,000	Current Assets	4,00,000
Bank Loan	2,00,000	Cash at Bank	2,00,000
Trade Creditors	<u>3,00,000</u>	Profit & Loss Account	<u>3,00,000</u>
	<u>17,00,000</u>		<u>17,00,000</u>

(CONTD.....5)

Mala Ltd was incorporated to take the fixed assets and 60% of the current assets at an agreed value of Rs.9,00,000 to be paid as to Rs.7,40,000 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.90,000. After meeting Rs.20,000 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. Distinguish between Internal Reconstruction and External Reconstruction.
19. On 31st December'2006 .The following balance stood in the books of Asian Bank Ltd., after preparation of its profit and loss account.

	Rs
Share Capital:	
Issued and Subscribed	4,000
Reserve Fund(Under Section-17)	6,200
Fixed Deposits	43,600
Saving Bank deposits	19,000
Current Account	23,200
Money at call and short notice	1,800
Investments	25,000
Profit and Loss Account(Cr) 1 st Jan'2006	1,350
Dividend for 2006	400
Premises	2950
Cash in hand	380
Cash with other bank	10,000
Cash with RBI	6,000
Bills dishonored and purchased	3,800
Loan, Cash Credits and Over draft	51,000
Bills Payable	70
Unclaimed dividend	60
Rebate on Bills discounted	50
Short-Loan(Borrowing from other banks)	4,750
Furniture	1,164
Other Assets	336
Net Profit for 2006	1,550

Prepare balance sheet of the bank as on 31st December'2006.

20. From the following balances extracted from the books of the L.I.C. as at 31-03-2006, Prepare a Revenue Account for the year 31-03-2006 in the prescribed form.

(CONTD.....6)

	Rs (in '000')		Rs ('000')
Claim by death	3,30,000	Life Assurance fund(1 st Apr'2005)	63,31,000
Claim by maturity	2,15,000	Premium	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
Auditor's fees	1,000	Receipts stamps	2,300
Medical fees	52,000	Reinsurance premiums	40,950
Commission	2,18,000	Interest &Dividend (Gross)	2.72,000
Rent	2,800	Policy renewal fees	9,600
Law charges	200	Assignment fees	540
Advertising	4,300	Endowment fees	690
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.

21. From the following Balance Sheet relating to H.Ltd. and S Ltd, prepare a Consolidated Balance Sheet.

Liabilities.	H. Ltd Rs	S. Ltd Rs	Assets	H.Ltd Rs	S Ltd Rs
Share Capital (Share of Rs 10 each)	10,00,000	2,00,000	Sundry Fixed Asset	8,00,000	1,20,000
			Stock	6,10,000	2,40,000
Profit and Loss A/c	4,00,000	1,20,000	Debtors	1,30,000	1,70,000
Reserve	1,00,000	60,000	Bills Receivable	10,000	-----
Creditors	2,00,000	1,20,000	Share in 'S' Ltd' at		
Bills payable.	-----	30,000	Cost (15,000 shares)	1, 50,000	
	17,00,000	5,30,000		17,00,000	5,30,000

- (i). All Profits of S Ltd have been earned after the shares were acquired by H.Ltd, But there was already a reserve of Rs.60,000 on that date.
- (ii) .All the Bills Payable of S Ltd . were accepted in favour of H Ltd.
- (iii).The Stock of H Ltd includes Rs.50,000 purchased from S.Ltd. The Profit added was 25% on cost.

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