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

22UCC305

REG.NO. :

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

END-OF-SEMESTER EXAMINATIONS : NOVEMBER-2023

COURSE NAME: B.Com.- C.A

MAXIMUM MARKS: 50

SEMESTER: III

TIME : 3 HOURS

PART - III

CORPORATE ACCOUNTING

SECTION - A

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS.

(K1)

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. State the status of debenture holder in the company.
7. Show accounting entry for transfer of reserves in the books of a company.
8. Interpret how to ascertain purchase consideration under Net Assets Method.

(CONTD 2)

9. Indicate the term 'Minority Interest' represents?

10. Define the term Banking.

SECTION – B

(5 X 3 = 15 MARKS)

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

11. a) Distinguish between Share and Stock?

(OR)

b) A company forfeited 3,000 shares upon which Rs. 7.50 per share were called up and Rs. 5 per share were paid for application and allotment. The first call of Rs. 2.50 per share was not paid. Calculate capital reserve if all the forfeited shares were re-issued at Rs. 5 per share, Rs. 7.50 per share paid up.

12. a) From the following particulars, determine the maximum remuneration available to full time director of a company.

The Profit and Loss Account of the company showed a net profit of Rs. 40,00,000 after taking into account of the following:

- (i) Depreciation Rs. 1,50,000
- (ii) Provision for income tax Rs. 2,50,000
- (iii) Capital expenditure Rs. 1,00,000
- (iv) Ex-gratia payment to workers Rs. 50,000
- (v) Capital profit on sale of assets Rs. 55,000

(OR)

b) From the following particulars relating to ABC Ltd. Identify the balance profits to be transferred to Balance sheet:

(i) Equity Share capital	Rs. 2,00,000
(ii) P & L A/c (Cr)	Rs. 30,000
(iii) Net profit for the current year	Rs. 56,800
(iv) Dividend proposed by the directors @ 12% p.a. after the minimum transfer to General reserve as required by the law.	

13. a) Ram Ltd., agrees to purchase the business of Krishnan Ltd., on the following terms: Inspect

- (i) For each of the 10,000 shares of Rs. 10 each in Krishnan Ltd., 2 shares in Ram 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.
- (ii) 8% Debentures worth Rs. 80,000 will be issued to settle the Rs. 60,000 9% Debentures in Krishnan Ltd.,
- (iii) Rs. 10,000 will be paid towards expenses of winding up.

(OR)

b) List out various reasons for Amalgamation.

(CONTD 3)

14. a) X Ltd. purchased 60% shares of Y Ltd. on 1.1.2022 when the balance on their P & L a/c and General reserve were Rs. 1,50,000 and Rs. 1,60,000 respectively. On 31.12.2022, the Balance sheet of Y Ltd. showed P & L a/c balance of Rs. 4,00,000 and General reserve Rs. 3,00,000. Find Capital profits and Revenue profits.

(OR)

b) On 1.7.2021, S Ltd., acquired 60% shares of Y Ltd., (with a total capital of Rs. 5,00,000) for Rs. 3,80,000. The balance sheet of Y Ltd., showed P & L a/c balance on 1.1.2021. Rs. 1,20,000 and profit for the year 2021 Rs. 1,00,000. Determine the value of Goodwill or Capital Reserve.

15. a) Measure the net premium to be credited to Revenue A/c from the following data:

Premium received during the year ended 31.3.2022 Rs. 16,00,000

Reinsurance premium paid Rs. 5,40,000

Reinsurance premium received Rs. 6,20,000

Bonus in reduction of premium (not yet adjusted) Rs. 20,000

(OR)

b) Estimate the net profit earned by National Bank Ltd., from the data given below for the year ended 31.3.2023:

Interest earned	5,00,000
Other incomes	37,000
Interest expended	3,40,000
Operating expenses	1,05,000
Rebate on bill discounted	
(1.4.2022)	48,000
(31.3.2023)	52,000

SECTION – C

(5 X 5 = 25 MARKS)

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

(K4 (Or) K5)

16. a) The Sunshine Co. Ltd., issued 4,000 equity shares of Rs. 100 each payable as follows:

On application Rs. 20

On allotment Rs. 40

On first and final call Rs. 40

All the shares offered were subscribed by the public and cash was duly received.

Show necessary entries to record the above issue of shares and prepare the Balance

Sheet.

(OR)

b) X Ltd., issues 5,000 8% Debentures of Rs. 100 each at par on 1.4.2017 which are repayable at 10% premium at the end of 4 years. Give Journal entries for issue and redemption if

(i) The redemption out of profits.

(ii) The redemption out of capital.

(CONTD 4)

17. a) ABC Ltd., was registered with an authorized capital of Rs. 6,00,000 in equity shares of Rs. 10 each. The following is its Trial balance on 31st March 2022.

Trial balance of ABC Ltd.,

Particulars	Rs.	Particulars	Rs.
Goodwill	25,000	Share capital	4,00,000
Cash	750	12% Debenture	3,00,000
Bank	39,900	P & L A/c (Cr)	26,250
Purchases	1,85,000	Sales	4,15,000
Preliminary Expenses	5,000	Bills payable	37,000
Calls-in-arrears	7,500	Creditors	40,000
Premises	3,00,000	General reserve	25,000
Plant & Machinery	3,30,000	Provision for Bad debts	
Interim dividend	39,250		3,500
Stock (1.4.2021)	75,000		
Furniture	7,200		
Debtors	87,000		
Wages	84,865		
General expenses	6,835		
Freight & carriage	13,115		
Salaries	14,500		
Director's fees	5,725		
Bad debts	2,110		
Debenture interest paid	18,000		
	12,46,750		12,46,750

Prepare Profit and Loss account & Profit & Loss Appropriation A/c in proper form after making the following by adjustments:

- (i) Depreciate plant and machinery by 15%
- (ii) Write off Rs.500 from preliminary expenses
- (iii) Provide for 6 months interest on debentures
- (iv) Provide bad & doubtful debt at 5% on sundry debtors
- (v) Provide for income tax at 50%
- (vi) Stock on 31.3.2022 was Rs. 95,000

(OR)

b) Moon Star Co. Ltd., with an authorized capital of Rs. 5,00,000 divided into 5,000 equity shares of Rs. 100 each on 31.12.2022 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.2022.

Debit balances	Rs.	Credit balances	Rs.
Opening stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount received	3,150
Wages	70,000	P & L A/c	6,220
Discount allowed	4,200	Creditors	35,200
Insurance (up to 31.03.2023)	6,720	Reserves	25,000
Salaries	18,500	Loan from Director	15,700
Rent	6,000	Share capital	2,50,000
General expenses	8,950		
Printing	2,400		
Advertisement	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,500		
Furniture	17,100		
Bank	34,700		
Bad debts	3,200		
Calls in arrears	5,000		
	6,60,270		6,60,270

You are required to prepare P & L Account for the year ended 31.12.2022 and a Balance sheet as on that date. The following further information is given:

- (i) Closing stock was valued at Rs. 1,91,500
- (ii) Depreciation on plan at 15% and on furniture at 10% should be provided.
- (iii) A tax provision of Rs. 8,000 is considered necessary.
- (iv) The directors declared an interim dividend on 15.08.2022 for six month ending June 30, 2022 @ 6%.

18. a) M Ltd., and N Ltd., agreed to amalgamate on the basis of the following Balance sheet as on 31.3.2020.

Liabilities	M Ltd., Rs.	N Ltd., Rs.	Assets	M Ltd., Rs.	N Ltd., Rs.
Share capital Rs. 25 each	75,000	50,000	Goodwill	30,000	-
P & L A/c	7,500	2,500	Fixed assets	31,500	38,800
Creditors	3,500	3,500	Stock	15,000	12,000
Depreciation fund	-	2,500	Debtors	8,000	5,200
			Bank	1,500	2,500
	86,000	58,500		86,000	58,500

(CONT'D 6)

The assets and liabilities are to be taken over by a new company formed called P Ltd., at book values. P Ltd.'s capital is Rs. 2,00,000 divided into 10,000 equity shares of Rs. 10 each and 10,000 9% preference shares of Rs. 10 each.

P Ltd., issued the equity shares equally to the vendor companies and preference shares were issued for any balance of purchase price. Pass the necessary journal entries in the books of P Ltd., and prepare its Balance sheet, if the amalgamation is in the nature of purchase.

(OR)

b) Differentiate between Amalgamation and Absorption.

19. a) On 31st March, 2021 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.
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.		
P & L A/c	90,000	55,000	(at cost)	2,80,000	-
Creditors	1,20,000	80,000	Stock	1,05,000	1,77,000
			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, 2021 after taking into consideration the following information:

(i) H Ltd., acquired the shares on 31st July, 2020.

(ii) S Ltd., earned profit of Rs. 45,000 for the year ended 31st March 2021

(OR)

b) X Ltd., acquired the shares of Y Ltd., on 1.1.2020. on that date the profit and loss account of Y Ltd., had a credit balance of Rs. 1,000 and in reserve Rs. 3,000. Prepare a consolidated balance sheet from the following:

Balance Sheet as on 31.12. 2020

Liabilities	X Ltd., Rs.	YLtd., Rs.	Assets	X Ltd., Rs.	Y Ltd., Rs.
Share capital (Rs. 10 each)	1,00,000	50,000	Sundry assets	60,000	63,000
Reserve	10,000	5,000	Investments – 4,000 shares in Y Ltd.,	65,000	-
P & L A/c	10,000	4,000			
Creditors	5,000	4,000			
	1,25,000	63,000		1,25,000	63,000

20. a) From the following particulars, prepare a Profit and Loss A/c of New Bank Ltd., for the year ended 31.12.2021.

	Rs.		R.
Interest on loans	2,60,000	Interest on cash credit	2,25,000
Interest on fixed deposits	2,80,000	Rent and taxes	20,000
Commission charged to customers	9,000	Interest on overdrafts	56,000
Establishment expenses	56,000	Director's fees	4,000
Discount on bill discounted	2,00,000	Interest on saving account	70,000
Interest on recurring accounts	45,000	Postage & Telegrams	2,000
Printing & Advertisements	3,000	Sundry charges	2,000

(OR)

b) A Life Assurance Company prepared its Revenue A/c for the year ended 31.3.2022 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:

- Interest accrued on investments Rs. 39,000; income tax liable to be deducted thereon is estimated to be Rs. 10,500.
- Outstanding premium Rs. 32,800
- Bonus utilized for reduction of premium Rs. 6,750
- Claims intimated but not admitted Rs. 17,400
- Claims covered under reinsurance Rs. 6,500

Determine the true Life Assurance Fund.
