

**(FOR THE CANDIDATES ADMITTED  
DURING THE ACADEMIC YEAR 2023 ONLY)**

**23UCC306**

**REG.NO. :**

**N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI  
END-OF-SEMESTER EXAMINATIONS: NOVEMBER-2024  
COURSE NAME: B.Com.- CA  
SEMESTER: III**

**MAXIMUM MARKS: 75  
TIME : 3 HOURS**

**PART - III  
CORPORATE ACCOUNTING**

**SECTION – A (10 X 1 = 10 MARKS)**

**ANSWER THE FOLLOWING QUESTIONS.**

**MULTIPLE CHOICE QUESTIONS.**

**(K1)**

1. Share allotment a/c is a \_\_\_\_\_  
(a) Personal a/c (b) Real a/c (c) Impersonal a/c (d) Nominal a/c
2. Dividend is payable out of \_\_\_\_\_.  
(a) Capital profit (b) Divisible profit (c) Provisions (d) Securities premium
3. Two or more existing companies combine together to form a new company is known as \_\_\_\_\_.  
(a) Absorption (c) Amalgamation  
(b) Internal reconstruction (d) None of these.
4. Profits earned by a subsidiary company upto the date of acquisition of shares by the holding are Called as \_\_\_\_\_.  
(a) Revenue profits (c) Revaluation profits  
(b) Realisation profits (d) Capital profits
5. Rebate on bills discounted is \_\_\_\_\_.  
(a) an accrued incomes (c) a liability  
(b) an items of income (d) income received in advances.

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

**(K2)**

6. What is meant by share?
7. State the meaning of Dividend.
8. Define Absorption.
9. What is contingent liability?
10. List any two types of LIC policy.

**(CONTD....2)**

**SECTION – B****(5 X 5 = 25 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)**

11. a) The directors of Z Co. Ltd., forfeit 100 shares of Rs. 50 each belonging to Karthik who had paid Rs.5 on application, Rs. 10 on allotment and Rs. 15 on first call but failed to pay the final call of Rs. 20. The same shares are then reissued to Raj as fully paid on receipt of Rs. 4,000. Pass journal entries to record the forfeiture and reissue of shares.

**(OR)**

b) Interpret the features of Debenture.

12. a) Determine the maximum remuneration payable to part time director and manager of B Ltd. before charging such remuneration, the Profit & Loss A/c showed a credit balance of Rs. 23,10,000 for the year ended 31<sup>st</sup> March 2018 after taking into account the following matters:

	<b>Rs.</b>
(i) Capital expenditure	5,25,000
(ii) Provision for taxation	2,00,000
(iii) Compensation paid to injured workmen	70,000
(iv) Ex-gratia to an employee	35,000
(v) Profit on sale of investment	2,10,000

**(OR)**

b) Sketch the rules relating to transfer to reserve.

13. a) Following is the balance sheet of Samy Ltd., as on 31.3.2014.

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Equity shares capital (Rs. 10 each)	7,50,000	Fixed assets	16,25,000
8% Preference capital (Rs. 100 each)	3,75,000	Investment	3,00,000
General reserve	4,50,000	Current assets	2,50,000
7% Debentures	3,50,000		
Trade creditors	2,50,000		
	<b>21,75,000</b>		<b>21,75,000</b>

Romy Ltd. agreed to take over the business of Samy Ltd. on the basis of the following:

- (a) Romy Ltd., agreed to discharge 7% debentures at a premium of 10% by issuing 9% debentures of Romy Ltd.,
- (b) Fixed assets are to be valued at 10% above book value, the investments at apr, current assets at 10% discount and trade creditors at book value.

Calculate the purchase consideration under net assets method.

**(OR)****(CONTD.....3)**

b) Balance sheet of Kala Ltd., showed the following position on 31<sup>st</sup> March 2015.

Liabilities	Rs.	Assets	Rs.
10,000 equity shares 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	3,00,000	Profit & loss a/c	3,00,000
	<b>17,00,000</b>		<b>17,00,000</b>

Malar 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 Malar Ltd., if the amalgamation is in the nature of purchase.

14. a) P Ltd. acquired 65% shares of Q Ltd. on 1.10.2022. P & L a/c in the book of Q Ltd., showed a debit balance of Rs. 40,000 on 1.4.2022. On 31.3.2023, the Balance sheet of Q Ltd., showed P&L a/c balance of Rs. 1,20,000. Calculate Capital profits and Revenue profits.

(OR)

b) On 1<sup>st</sup> April 2018, S Ltd., had a subscribed capital of Rs. 5,00,000 divided into 50,000 fully paid equity shares of Rs. 10 each. It had accumulated capital profits to the tune of Rs. 3,90,000 by that date when H Ltd., acquired 80% of its shares for Rs. 9,00,000. The profit earned by S Ltd., amounted Rs. 2,60,000 for the year ended 31<sup>st</sup> March 2019. Calculate value of Minority interest.

15. a) On 31<sup>st</sup> March 2018 a Bank held the following bills, discounted by it earlier:

Date of bill 2018	Term of bill (months)	Discounted @ % p.a.	Amount of bill (Rs.)
January, 17	4	17	7,30,000
February, 7	3	18	14,50,000
March, 9	3	17.5	3,64,000

Calculate rebate on Bills discounted.

(OR)

b) A Life Assurance Company prepared its Revenue a/c for the year ended 31.03.2022 and ascertained its Life Assurance fund to be Rs. 22,55,000. It was found later that the following had been omitted from the accounts:

- Interest accrued on investment Rs. 49,000.
- Outstanding premium Rs. 33,600.
- Bonus utilized for deduction of premium Rs. 7,750.
- Claim intimated but not admitted Rs. 15,200
- Claims covered under reinsurance Rs. 5,400.

**SECTION – C****(5 X 8 = 40 MARKS)**

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

16. a) A Ltd company issued 1,00,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows:

On application Rs. 2  
 On allotment Rs. 5 (including premium)  
 On first call Rs. 3  
 On final call Rs. 2

All the shares offered were subscribed by the public and cash duly received. Make the necessary journal entries

**(OR)**

b) Excel Ltd., made the following issues of debentures on 1.4.2022

- (i) 200 10% Debentures of Rs. 100 each to settle a creditor who supplied a machine on credit some time ago at a price of Rs. 18,000
- (ii) 300 10% debentures of Rs. 100 each for cash at a discount of 5%.
- (iii) 1,000 10% debentures of Rs. 100 each to the bankers as collateral security for a loan of Rs. 80,000

All the above issues are redeemable at par. Pass journal entries to record the above in the books of the company.

17. a) Following balances have been extracted from the books of Jenins Company Ltd., as on 31.03.2014

Debit	Rs.	Credit	Rs.
Machinery	1,60,000	Sales	10,00,000
Land & Building	6,74,000	Bank overdraft	2,00,000
Dep. On machinery	16,000	10% Debentures	1,00,000
Purchases	4,00,000	Equity share capital (2000 shares of Rs. 100 each fully paid)	
Closing stock	1,50,000	Preference share capital(1000 6% shares of Rs. 100 each fully paid)	2,00,000
Wages	1,20,000		
Salaries	80,000		1,00,000
	<b>16,00,000</b>		<b>16,00,000</b>

The Board of Directors of Jenins Company Ltd., had decided to make the following appropriations:

- (i) To decide an equity dividend @ 10% on paid up capital
- (ii) To pay dividend on the preference share capital in full
- (iii) To transfer Rs. 2,00,000 to general reserve

Prepare statement of profit and loss for the year ended 31<sup>st</sup> March 2014 and the Balance sheet as at that date. Ignore the income tax

**(OR)**

b) From the following balances as on 31<sup>st</sup> December 2018 of a Limited company, prepare Statement of Profit and loss for the year ended and Balance sheet as on that date:

Debit	Rs.	Credit	Rs.
Stock 1.1.2018	33,380	Subscribed & paid up capital	50,000
Discounts	6,788	Sales	1,46,268
Land	22,000	Sundry receipts	200
Plant & Machinery	10,700	Creditors	39,532
Purchases	91,888	Provision for bad debts	5,300
Furniture	2,750	Discounts (Cr)	5,904
Debtors	63,600	Bank overdraft	13,823
P&L a/c (Dr)	4,960	Customer's deposit	400
Carriage	3,780		
Wages	9,016		
Bad debts	1,820		
Office expenses	10,275		
Cash in hand	470		
	<b>2,61,427</b>		<b>2,61,427</b>

The following adjustments have to be made:

- (a) Stock on 31.12.2018 Rs. 35,460
- (b) Depreciation on Plant & Machinery at 10% and furniture at 6%
- (c) Provide 10% for bad and doubtful debts
- (d) Customers' deposit has been forfeited
- (e) Proposed dividend at 10%
- (f) Provision for taxation Rs. 7,500
- (g) The Managing Director is entitled to 10% commission on net profits before charging such commission.

18. a) Raman Ltd., and Sivan Ltd., agreed to amalgamate. A new company, Sivaram Ltd., has been formed to take over the running concerns as on 31.12.2015. The following Balance sheet shows the position of the companies amalgamating.

Particulars	Raman Ltd., Rs.	Sivan Ltd., Rs.	Particulars	Raman Ltd., Rs.	Sivan Ltd., Rs.
Share capital			Goodwill	-	6,000
Rs. 10 each	20,000	50,000	Fixed assets	22,000	32,000
General reserve	16,000	-	Stock	16,000	8,000
Capital reserve	-	4,000	Debtors	10,000	17,000
P & L a/c	4,000	-	Bank	12,000	7,000
Creditors	10,000	6,000	P & L a/c	-	6,000
Loan from bank	10,000	16,000			
	<b>60,000</b>	<b>76,000</b>		<b>60,000</b>	<b>76,000</b>

Sivaram Ltd., took over all the assets and liabilities of both the transferor companies at book values except cash at bank, creditors and the goodwill of Sivan Ltd., which was considered worthless.

The purchase consideration was agreed at Rs. 60,000 for Raman Ltd., and Rs. 40,000 for Sivan Ltd., fully paid equity shares of Rs. 10 each were issued to settle the purchase price for both companies. Cash at bank of both companies was exactly sufficient to settle their creditors at 10% discount and pay the liquidation expenses.

Pass journal entries in the books of Sivaram Ltd., and prepare its Balance sheet, if the amalgamation is in the nature of purchase.

**(OR)**

b) Following is the Balance sheet of K Ltd., as on 31.12.2020

Particulars	Rs.	Particulars	Rs.
20,000 shares of Rs. 10 each		Goodwill	40,000
fully paid	2,00,000	Fixed assets	1,65,000
Profit & Loss a/c	70,000	Current assets	1,95,000
Debentures	1,00,000		
Creditors	30,000		
	<b>4,00,000</b>		<b>4,00,000</b>

R Ltd., agreed to take over the assets of K Ltd., (exclusive of one fixed asset of Rs. 40,000 and cash Rs. 10,000 included in current asset) at 10% more than the book values. It agreed to takeover creditors also. The purchase price was to be discharged by the issue of 20,000 shares of Rs. 10 each at the market value of Rs. 15 each and the balance in cash. Liquidation expenses came to Rs. 4,000.

K Ltd., sold the fixed asset of Rs. 40,000 and realized the book value. It paid off its debentures and liquidation expenses. You are required to give journal entries in the books of K Ltd., and R Ltd.,

19. a) The Balance sheet of X Ltd., and Y Ltd., as at 31.12.2018 are as follows:

Particulars	X Ltd., Rs.	Y Ltd., Rs.	Particulars	X Ltd., Rs.	Y Ltd., Rs.
Share capital ( in shares of Rs. 10 each)	2,00,000	1,00,000	Goodwill	-	20,000
General reserve	18,000	20,000	Sundry assets	1,32,500	1,38,200
P & L a/c	24,500	23,000	Shares in Y Ltd.,	1,40,000	-
Creditors	30,000	15,200			
	<b>2,72,500</b>	<b>1,58,200</b>		<b>2,72,500</b>	<b>1,58,200</b>

In the case of Y Ltd., profit for the year ended 31.12.2018 is Rs. 12,000 and transfer to reserve is Rs. 5,000. The holding of X Ltd., in Y Ltd., is 90% acquired on 30<sup>th</sup> June 2018.

Draft a consolidated Balance sheet of X Ltd., and its subsidiary.

**(OR)**

**(CONTD.....7)**

b) On 31<sup>st</sup> March 2016 the Balance sheet of M Ltd., and its subsidiary N Ltd., stood as follows:

Particulars	M Ltd., Rs.	N Ltd., Rs.	Particulars	M Ltd., Rs.	N Ltd., Rs.
Equity share capital	6,00,000	2,00,000	Fixed assets	5,10,000	1,00,000
General reserve	2,20,000	50,000	75% shares in N Ltd.		
P & L a/c	90,000	55,000	(at cost)	2,80,000	-
Creditors	2,10,000	70,000	Stock	1,00,000	1,67,000
			Other current assets	2,30,000	1,08,000
	<b>11,20,000</b>	<b>3,75,000</b>		<b>11,20,000</b>	<b>3,75,000</b>

Draw a consolidated Balance sheet as at 31<sup>st</sup> March 2016 after taking into consideration the following information:

- (i) M Ltd., acquired the shares on 31<sup>st</sup> July 2015.
- (ii) N Ltd., earned profit of Rs. 35,000 for the year ended 31<sup>st</sup> March 2016.
- (iii) In January 2016 N Ltd., sold to M Ltd., goods costing Rs. 14,000 for Rs. 20,000. On 31<sup>st</sup> March, 2016 half of these goods were lying as unsold in the godown of M Ltd.,

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

Particulars	Rs. ('000)	Particulars	Rs. ('000)
Life assurance fund (1.4.2019)	15,00,000	Annuities	2,050
Premiums	4,96,000	Bonus in reduction of premium	1,600
Consideration for annuities granted	15,000	Medical fees	2,400
Interest & Dividends	1,00,000	Surrenders	4,000
Fines for revival for policies	750	Commission	18,650
Reinsurance premium	20,750	Management expenses	22,000
Claims outs standing (1.4.2019)	4,500	Income tax on dividends	8,500
Claims paid during the year	64,900		

Prepare Revenue A/c after making the following adjustments:

(Rs. '000)

(i) Outstanding balances

Claims 14,000

Premiums 4,600

(ii) Further bonus for premium 2,400

(iii) Claim under reinsurance 8,000

(OR)

b) Construct the specimen form of Profit and Loss account and Balance sheet of Banking companies as per Third schedule.

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