

B.Com (PA)  
SEMESTER - IV

MAXIMUM MARKS: 75  
TIME : 3 HOURS

**N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI  
END-OF-SEMESTER EXAMINATIONS : MAY-2025**

**PART - III  
HIGHER CORPORATE ACCOUNTING  
SECTION – A (10 X 1 = 10 MARKS)**

**ANSWER THE FOLLOWING QUESTIONS.(K1)**

1. Accumulated profit in the vendor company should be transferred to
  - (a) Realization a/c (b) Purchasing company a/c
  - (c) Debenture holders a/c (d) Equity shareholder a/c
2. Alteration with the approval from the court is known as
  - (a) External reconstruction (b) Internal Reconstruction
  - (c) Alteration of capital (d) Reconstruction
3. Banks show the provision for income tax under the head
  - (a) Contingent liabilities (b) Deposits
  - (c) Other liabilities and provisions (d) Borrowings.
4. A valuation balance sheet is prepared by
  - (a) Joint stock company (b) Banking company
  - (c) General insurance company (d) Life insurance company
5. A company 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 Amalgamation?
7. What do you mean by internal reconstruction?
8. What is NPA?
9. What are the types of insurance?
10. Define minority interest.

**SECTION – B (5 X 5 = 25 MARKS)**

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

11. [a] X Ltd agrees to sell Y Ltd on the following terms:

- (a) For each of the 10,000 shares of Rs 10 each in X Ltd.2 shares in Y 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.
- (b) 8% Debentures worth Rs.40,000 will be issued to settle the Rs.30,000 9% debentures in Y ltd.
- (c) Rs.5,000 will be paid towards expenses of winding up.

Calculate purchase consideration.

[or]

[b] Guha Ltd., was formed to acquire the businesses of Bharath Ltd., and Sarath Ltd., had a share capital of Rs.5,00,000, General reserve of Rs.2,00,000. It accepted a Purchase consideration of Rs.6,35,000. Bharath Ltd.'s capital was Rs.16,00,000 and Reserves Rs.7,00,000 and the agreed upon purchase price was Rs.22,30,000. Determine the Reserve to be shown in the books of Guha Ltd, if the amalgamation is in the nature of merger.

12. [a] Give journal entry for i. sub division of shares and ii consolidation of shares

[or]

[b] Bee Ltd. has 60,000 equity shares of Rs. 100 each, Rs. 80 per share called u. Now the company decides to pay off Rs. 20 per share of the paid up capital and at the same time to reduce the Rs. 100 share to Rs. 60 share fully paid up by cancelling the unpaid amount. Give journal entries.

13. [a] On 31<sup>st</sup> March 1998, Bharat Commercial Bank Ltd, finds its advances classified as follows:

	(Rs.)
Standard assets	14,91,300
Sub-standard assets	92,800
Doubtful assets (secured)	
Doubtful for one year	25,660
Doubtful for one year to 3 years	15,640
Doubtful for more than 3 years	6,580
Loss assets	10,350

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

[or]

[b] Calculate rebate on bills discounted as on 31.3.2007

Date of bill	Amount Rs.	Period in months	Rate of discount
11.11.2006	50000	4	6%
16.11.2006	60000	3	5%
7.11.2006	40000	4	5.5%

14. [a] ) The revenue account of a life assurance company shows the Life Assurance Fund on 31.3.2006 at Rs.62,21,310, before taking into account the following:

(i) Claims covered under reinsurance	12,000
(II) Bonus utilized in reduction of life insurance premium	4,500
(III) Interest accrued on securities	8,260
(iv) Outstanding premiums	5,420
(v) Claims intimated but not admitted	26,500

What is the Life Assurance Fund after taking into account the above omissions?

[or]

[b] From the following particulars of the Life Insurance Company for the year ended 31.3.2017, you are required to prepare valuation Balance Sheet as on 31.3.2017 and distribution statement as on that date :

Life Insurance Fund as on 31.3.2017	Rs.38,00,000
Net liability as per valuation	Rs. 30,00,000
Interim bonus paid	Rs. 5,00,000

15. [a] .(a)H ltd purchased 75% of shares in S ltd on 1.7.2007. on 31.12.2007 the balance sheet of S ltd showed reserve fund balance o 1.1.2007 Rs 40,000, profit earned during 2007 Rs 60,000 and preliminary expenses unwritten off Rs 20,000. Calculate capital profit and Revenue profit.

[or]

[b] Calculate Minority interest for the Balance sheet of Mumbai ltd.,

Balance sheet of Mumbai ltd.

Liabilities	Rs.	Assets	Rs.
Share capital: 7,00,000Shares of Rs. 2 each	14,00,000	Sundry assets	10,00,000
General Reserves 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	Investments(80% of shares)	6,50,000
	<b>25,00,000</b>		<b>25,00,000</b>

Madras Ltd acquired 80% of Shares

**SECTION – C****(5 X 8 = 40 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K4/ K5)**

16. a) Explain the difference between Amalgamation and Absorption  
**(OR)**

b) X ltd., & Y ltd., agree to amalgamate as for 31 st December 2023 on Which

Liabilities	X.	Y.	Assets	X.	Y.
Share capital: Shares of Re. 1 each	80,000	25,000	Cash in hand	100	50
Sundry creditors	3,000	1,000	Cash at bank	3,400	450
Reserves	7,500	4,000	Sundry debtors	22,500	6,000
Profit & loss A/c	2,500	1,000	Plant	12,000	4,500
			Stock	15,000	7,000
			premises	30,000	3,000
			Patents	10,000	3,000
	<b>93,000</b>	<b>31,000</b>		<b>93,000</b>	<b>31,000</b>

Draw up the Balance sheet of New company 'XY' Ltd., to take over the amalgamate concerns and state the number of shares in New company which will allotted to the share holder of the old company (assume the same face value).

17. a) The following is the balance sheet of Sick Ltd. As on 31.3.2009

Liabilities	Rs.	Assets	Rs.
6% Preference shares Of Rs.100 each	200000	Fixed assets Goodwill	300000 60000
Equity shares of Rs.100 each	400000	Stock Debtors	150000 60000
Debentures	100000	Discount on debentures	10000
Creditors	150000	Bank P&L a/c	1000 269000
<b>Total</b>	<b>850000</b>	<b>Total</b>	<b>850000</b>

As the company was not doing well, the following scheme of reconstruction was adopted.

1. The preference shares are reduced to 8% preference shares of Rs.60 each.
2. The equity shares to be reduced by Rs.80 each.
3. The amount made available is used to write off the fictitious assets including goodwill and Rs.50000 from fixed assets. Journalize and prepare the balance sheet after the reconstruction has been carried out.

**(OR)**

b) The following is the summarized balance sheet of Reckless co. ltd. As at 31 march 2020.

Liabilities	Rs.	Assets	Rs.
5000 shares of Rs.100 each	500000	Sundry Assets	202800
		Profit & Loss A/C	297200
	<b>500000</b>		<b>500000</b>

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

18. a) The following financial data extracted from the books of Krishna Bank limited as on 31.3.2020

Particulars	Rs
Interest on FD	36,500
Rebate on bills discounted	4,800
Interest on loans	34,900
Commission charged to customers	910
Office expenses	15,500
Discount on bills discounted	19,400
Interest on cash credit	22,400
Directors fees	420
Postal expenses	150
Printing and stationery	390
Rent and taxes	1,800
Interest on overdraft	12,800
Other expenses	180
Interest on SB deposits	6,900

Prepare profit and loss account. **(OR)**

b) From the following information, prepare Profit and Loss account of Madura Bank for the year ended on 31st December 2017 : Rs. in Thousands

Interest on loans	2,590
Interest on fixed deposits	2,750
Rebate on bills discounted	490
Commission	82
Establishment	540
Discount on bills discounted (net)	1,460
Interest on cash credit	2,230
Depreciation on bank's property	420
Rent and Taxes	180
Interest on overdrafts	1,540
Director's fees	30
Auditor's fees	50
Interest on savings bank deposits	680
Postage and Telegrams	14
Printing and Stationery	29
Sundry charges	17

Bad debts to be written off amounted to Rs. 3,80,000.

Provision for taxation may be made @ 35%. And provide Rs.3 to dividend.

19. a) The following balances are extracted from the books of Oriental General Insurance Company. Prepare revenue a/c of fire and marine business for the year ending 31.3.18.

Rs. in '000	Claims paid and outstanding :		Rs. in '000
Funds on 1.4.2017 :			
Fire	310	Fire	261.5
Marine	840	Marine	102
Premiums :		Commission :	
Fire	556.4	Fire	21
Marine	882.2	Marine	54
Due to reinsurers :		Expenses of management :	
Fire	4.4	Fire	42
Marine	20.2	Marine	73

It was further noticed that premiums were outstanding: Fire Rs. 1,400 and Marine Rs. 1,600. Provision is to be made for unexpired risk on fire and marine at 40% and 100% of the premium received respectively. **(OR)**

b) From the following particulars, prepare the fire revenue account for 2016 – 17 :

	Rs.
Claims paid	2,35,000
Legal expenses regarding claims	5,000
Premiums received	6,00,000
Reinsurance premium	60,000
Commission	1,00,000
Expenses of Management	1,50,000
Provision against unexpired risk on 1.4.2016	2,60,000
Claims unpaid on 1.4.2016	20,000
Claims unpaid on 31.3.2017	35,000

20. a) Balance sheet as on 31st March 2018

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Shares of Re.1			Fixed assets	20,000	12,000
fully paid	12,000	6,000	Investments :		
Reserves	3,000	2,000	10,000 shares of		
P and L account	2,000	1,000	S Ltd.	13,000	–
Sundry creditors	10,500	3,000			
	<b>27,500</b>	<b>12,000</b>		<b>27,500</b>	<b>12,000</b>

Shares were acquired by H Ltd. on 30th September 2017. S Ltd. Prepare the consolidated Balance sheet. **(OR)**

b) Balance sheet as on 31st March 2018

Liabilities	A Ltd. Rs.	B Ltd. Rs.	Assets	A Ltd. Rs.	B Ltd. Rs.
Shares capital			Sundry assets	2,23,000	1,52,000
Rs. 10 each	2,50,000	1,00,000	1 00% shares		1,17,000
Reserves	50,000	25,000	in B Ltd.		
Creditors	40,000	30,000	Preliminary expenses	–	3,000
	<b>3,40,000</b>	<b>1,55,000</b>		<b>3,40,000</b>	<b>1,55,000</b>

The shares of B Ltd., were acquired at Rs.1,17,000 on 31.3.2018. Prepare the consolidated Balance sheet.

**(23 UPA 409)**