

(FOR THE CANDIDATES ADMITTED

23UCF408

DURING THE ACADEMIC YEAR 2025 ONLY)

REG.NO. :

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

END-OF-SEMESTER EXAMINATIONS : MAY-2025

B.Com FINANCE

MAXIMUM MARKS: 75

SEMESTER: IV

TIME : 3 HOURS

PART - III

23UCF408 – CORPORATE ACCOUNTING II

SECTION – A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.(K1)

1.Accounting standard for Amalgamations is

- a) AS -8 b) AS -20 c) As -14 d) AS -3

2. Alteration of share capital is affected by a company if it is authorized by the

- a) Memorandum of Association b) Articles of Association
-
- c) Shareholders d) Board of directors

3. The percentage of Profit to be transferred to statement reserves by the banking company is:

- a) 25% b) 15% c) 20% d) 10%

4. The balance fund in the Revenue Account of Life insurance companies is considered as:

- a) Net Profit / Net Loss b) Surplus / Deficit
-
- c) Life Assured fund d) Gross profit / Gross loss

5. Profits earned by a subsidiary company upto the date of acquisition of shares by the holding company are called:

- a) Revenue profits b) Capital profits c) Revaluation profits d) Realisation profits

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Define Amalgamation.

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

8. Explain the interest earned Schedule 13.

9. Explain the meaning of surrender value.

10. Define Holding company.

SECTION – B

(5 X 5 = 25 MARKS)

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

11. a) Alpha Ltd, and Beta Ltd were amalgamation on 1st April 2021. A new company Gamma Ltd, was formed to takeover the business of the existing companies. The balance sheets of Alpha Ltd, and Beta Ltd, as on 31st March 2021 are given below.

Liabilities	Alpha Ltd	Beta Ltd	Assets	Alpha Ltd	Beta Ltd
Share capital : Equity shares of Rs. 100 each	1,000	800	Fixed Assets	1,200	1,000

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 Loan: 12% Debentures of Rs.100 each	96	80			
Current liabilities and provisions	204	95			
	2,080	1,565		2,080	1,565

Other information:

- 12% debentures 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 Rs.100 each

(OR)

b) M Ltd, and Ltd, agreed to amalgamate based on the following balance sheets as on 31.3.2017.

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

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. 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 journals entries in the books of P Ltd and prepare in balance sheet if the amalgamation in purchase.

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

(OR)

b) 'X Co, Ltd. has the following shares as a part of its share capital 10,000 8% Preference shares of Rs.100 each fully paid. 50,000 equity shares of Rs. 5 each fully paid. 20,000 equity shares of Rs. 10 each, Rs.8 called up and paid up. The company has decided to alter the share capital as follows.

- To sub-divide the preference shares into shares of Rs. 10 each.
- To consolidate the equity shares of Rs.5 each into shares of Rs.10 each.

iii) To convert the partly paid up equity shares into fully paid up shares of Rs.8 each, with necessary legal sanctions. Journalise the alteration.

13. a) On 31st 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	14,60,000
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) From the following particulars, prepare a Profit and Loss A/c of New bank Ltd, for the year ended 31.12.2016.

	Rs. (in '000)		Rs. (in '000)
Interest on loans	260	Interest on cash credits	225
Interest on fixed deposits	280	Rent and taxes	20
Rebate on bills discounted	50	Interest on overdraft	56
Commission charged to customer	9	Directors and auditor fees	4
Establsment expenses	56	Interest on savings bank account	70
Discount on bills discounted	200	Postage and telegrams	2
Interest on current account	45	Sundry charges	2
Printing and advertisements	3		

14. a) The Life Fund of a Life Insurance Company on 31.3.2017 showed a balance of Rs. 54,00,000. However, the following items were not taken into account while preparing the Revenue A/c for 2016 -2017

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

(OR)

- b) Compare the Life insurance and General Insurance.

15. a) The Balance sheet of C Ltd, as at 31st 2016 are as follows.

Liabilities	C Ltd Rs.	D Ltd Rs.	Assets	C Ltd Rs.	D Ltd Rs.
Share capital (in shares of Rs. 10 each)	2,00,000	1,00,000	Sundry assets	1,32,500	1,38,200
General reserve	18,000	20,000	Goodwill	-	20,000
Profit and loss A/c	24,500	23,000	Shares in D Ltd. at cost	1,40,000	-
Creditors	30,000	15,200			
	2,72,500	1,58,200		2,72,500	1,58,200

In the case of D Ltd, Profit for the year ended 31st December 2016 is Rs. 12,000 and transfer to reserve is Rs. 5,000. The holding of C Ltd. in D Ltd is 90% acquired on 30th June 2016. Draft a consolidated Balance sheet of C Ltd and its subsidiary.

(OR)

b) From the following Balance sheet relating to H Ltd, and S Ltd prepare consolidated Balance sheet.

Liabilities	H Ltd. Rs	S Ltd. Rs	Assets	H Ltd Rs.	S Ltd Rs.
Share capital (shares of Rs.10 each)	10,00,000	2,00,000	Sundry fixed assets	8,00,000	1,20,000
Profit and Loss A/c	4,00,000	1,20,000	Stock	6,10,000	2,40,000
Reserves	1,00,000	60,000	Debtors	1,30,000	1,70,000
Creditors	2,00,000	1,20,000	Bills receivables	10,000	-
Bills payable	-	30,000	Shares in S Ltd at cost (15,000 shares)	1,50,000	
	17,00,000	5,30,000		17,00,000	5,30,000

- 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.
- All the bills payable of S Ltd. were accepted in favour of H Ltd.
- The stock of H Ltd, includes Rs. 50,000 purchased from S Ltd. the profits added was 25% on cost.

SECTION – C

(5 X 8 = 40 MARKS)

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

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

Liabilities	Rs.	Assets	Rs.
2,000 shares of Rs.10 each fully paid	20,000	Goodwill	4,000
Profit & Loss A/c	7,000	Fixed Assets	16,500
Debentures	10,000	Current Assets	19,500
Creditors	3,000		
	40,000		40,000

R Limited agreed to take over the assets of K Ltd., (exclusive of one fixed asset of Rs. 4,000 and cash Rs. 1,000 included in current assets) at 10% more than the book values. It agreed to take over creditors also. The purchase price was to be discharged by the issue of 2,000 shares of Rs.10 each at the market value of Rs.15 each and the balance in cash. Liquidation expenses came to Rs. 400. K Ltd, sold the fixed asset of Rs. 4,000 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.

(OR)

b) The Balance sheets of 'J' Co. Ltd, and 'H' Co Ltd, as on 31.3.2014 were as follows:

Liabilities	J Ltd Rs.	H Ltd Rs.	Assets	J Ltd Rs.	H Ltd Rs.
Share capital Rs. 100 each	5,00,000		Goodwill	40,000	-
Share capital H Ltd Rs.10 each	-	4,00,000	Fixed assets	4,00,000	8,00,000
Capital reserve	1,00,000	-	Cash and bank	-	1,00,000
General reserve	35,000	4,00,000	Other current assets	4,50,000	3,30,000
Secured loan	-	2,50,000			
Unsecured loan	1,00,000	-			

Sundry creditors	1,55,000	1,80,000			
	8,90,000	12,30,000		8,90,000	12,30,000

It was proposed that J Co, Ltd, should be taken over by H Ltd. the following arrangements were accepted by both the companies. i)Goodwill of J Co. Ltd is considered worthless. ii)Arrears of depreciation in J Co, Ltd, amounted to Rs. 20,000 iii)The holder of every 2 shares inn J Ltd, was to receive. a)As fully paid, at par,10 shares in H Ltd, and b) So much cash as is necessary to adjust the rights if shareholders of both the companies in accordance with the intrinsic values of the shares as their balance sheets after the adjustments mentioned above. You are required to purchase consideration and show the balance sheet of H Co Ltd after absorption if the amalgamation in purchase.

17. a) The following scheme of reconstruction has been approved for Divya Ltd.
- 1) The shareholders to receive in lieu of their present holding of 60,000 shares of Rs. 10 each fully paid the following:
 - i)Fully paid new equity shares equal to $\frac{1}{3}$ rd of their holding.
 - ii)8% Preference shares fully paid, to the extent of $\frac{1}{5}$ of the above new equity shares.
 - iii)Rs. 60,000 8% secured debentures.
 - 2) The debenture holders total claim of Rs. 75,000 to be reduced to Rs. 25,000. This will be satisfied by the issue of 2,500 8% preference shares of Rs. 10 each fully paid.
 - 3) An issue of Rs. 50,000 6% first debentures were made and allotted, payment for the same having been received in cash.
 - 4) The goodwill which stood at Rs. 3,00,000 was written down to Rs. 50,000. Plant & Machinery which stood at Rs. 1,00,000 was written down in Rs. 75,000.
 - 5) The freehold premises which stood at Rs. 1,75,000 was written down by Rs. 75,000. Give journal entries in the books of Divya Ltd, for the above reconstruction scheme.

(OR)

b) The following is the balance sheet of United Industries Ltd., on 31st Dec. 2019.

Liabilities	Rs.	Assets	Rs.
Share capital: 6,000 6% preference shares of Rs. 100 each	6,00,000	Goodwill	45,000
12,000 equity shares of Rs.100 each	12,00,000	Land & Building	6,00,000
8% Debentures	3,00,000	Plant and Machinery	9,00,000
Bank overdraft	3,00,000	Stock	1,30,000
Sundry creditors	1,50,000	Debentures	1,40,000
		Cash	15,000
		Profit & Loss A/c	7,00,000
		Preliminary expenses	20,000
	25,50,000		25,50,000

On the above date, the company adopted the following scheme of reconstruction. i) The equity shares are to be reduced to shares of Rs. 40 each fully paid and the preference shares to be reduced to fully paid shares of Rs. 75. Each. ii)The debentures took over stock and debtors in full satisfaction of their claims. iii)The Land & Buildings to be appreciated by 30% and plant and machinery to be depreciation by 30%. iv)The fictitious and intangible assets are to be eliminated. v)Expenses of reconstruction amounted to Rs.5,000. Give journal entries incorporating the above scheme of reconstruction and prepare the reconstruction balance sheet.

18. a) From the following information, prepare Profit and Loss account of Swadesh Bank Ltd., for the year ended 31st December 2017.

Particulars	Rs.
Interest on fixed deposits	430
Interest on loan	650
Discount on bills discounted	415
Interest on overdraft	210
Interest on cash credits	410

Interest on savings bank deposits	125
Salaries and allowances	140
Rent. Taxes insurance and lighting	40
Locker rent	5
Repairs to bank property	2
Commission exchange and brokerage	24
Directors fees and allowances	25
Transfer fees	2
Provided fund contribution	12
Local committee fees and allowances	10
Audit fees	12
Printing and Stationary	4
Loss on sale of Government securities	5
Loss on sale of furniture	2
Postage and telegrams	2
Depreciation	10
Advertisement	4
Legal charges	2

Additional information:

i)Rebate on bills discounted on 31st December 2016 Rs. 19,000. ii)Rebate on bills discounted on 31st December 2017 Rs. 26,000. iii) Bad debts to be written off Rs. 40,000. iv) Provide for taxation Rs.50,000.

b) On 31st December 2016. The following balance shood in the books of Asian Bank Ltd., after preparation of its Profit and Loss account.

Particulars	Rs.
Share capital: Issued and subscribed	4,000
Reserve fund (under section 17)	6,200
Fixed deposits	42,600
Savings 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 2016	1,350
Dividend for 2015	400
Promises	2,950
Cash in hand	380
Cash with RBI	10,000
Cash with other banks	6,000
Bills discounted and purchased	3,800
Loans, cash credits and over draft	51,000
Bills payable	70
Unclaimed dividend	60
Rebate on bills discounted	50
Short loans (borrowing from other banks)	4,750
Furniture	1,164
Other assets	336
Net Profits for 2016	1,550

Prepare balance sheet of the bank as 31st December 2016.

19. a) The following balances are abstracted from the books of New Balance Life insurance Co. Ltd as on 31.3.2016

K4

Particulars	Rs. 000	Particulars	Rs. 000
Life Assurance Fund (1-4-2015)	15,00,000	Claims paid during the year	64,900
Premium	4,96,000	Annuities	2,050
Consideration for annuities granted	15,000	Bonus in reduction of premium	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 (1-4-2015)	4,500	Management expenses	22,000
		Income tax on Dividends	8,500

Prepare Revenue A/c after making the following adjustments:

- Outstanding balances: claims – Rs. 14,000. Premium -Rs. 4,600
- Further bonus for premium Rs. 2,400
- Claim under reinsurance Rs. 8,000.

(OR)

b) The books of Jai Prakash Insurance Co Ltd., contain the following information in respect of fire insurance as on 31.3.2016.

Particulars	Rs.	Particulars	Rs.
Provision for unexpired risk (1.4.2005)	80,000	Refund of double taxation	600
Estimated liability in respect of outstanding: on 1.4.2015	10,000		
On 31.3.2016	15,000	Management expenses	55,000
Medical expenses regarding claims	1,000	Interest & Dividends	8,000
Claims paid	70,000	Legal expenses regarding claims	1,500
Reinsurance premium	14,500	Profit on sale of investments	1,750
Reinsurance recoveries	1,500	Additional reserve on 31.3.2015	60,000
Premium	1,90,000		
Commission on direct business	25,000		
Commission on reinsurance ceded	3,000		
Commission on reinsurance accepted	1,000		

Additional reserve is to be increased by 10% of the net premium income. Prepare revenue A/c keeping the reserve for unexpired risks at 50% of premium income.

20. a) X Ltd purchased 750 shares in Y Ltd. on 1.7.2014. The following were their balance sheets on 31.12.2014.

Liabilities	X Ltd Rs.	Y Ltd Rs.	Assets	X Ltd Rs.	Y Ltd Rs.
Share capital: shares of Rs. 100 each	3,00,000	1,00,000	Buildings	2,05,000	1,25,000
General reserve	1,00,000	70,000	Stock	1,00,000	80,000
Profit and Loss a/c	1,00,000	60,000	Debentures	1,00,000	40,000
Creditors	80,000	40,000	Investments in Y Ltd	1,00,000	-
Bills payable	50,000	20,000	Bills receivable	40,000	45,000
Current Account: X Ltd	-	20,000	Cash at bank	60,000	20,000
			Current account: Y Ltd	25,000	-
	6,30,000	3,10,000		6,30,000	3,10,000

Additional information:

- i) Bills receivable of X Ltd. included Rs. 10,000 accepted by Y Ltd. ii) Debtors of X Ltd include Rs. 20,000 payables by Y Ltd. iii) A cheque of Rs. 5,000 sent by Y Ltd on 28 December was not yet received by X Ltd on 31st December 2014. iv) Profit and Loss A/c of Y Ltd showed a balance of Rs. 20,000 on 1.1.2014. You are required to prepare a consolidated balance sheet of X Ltd and Y Ltd as on 31.12.2014.

(OR)

- b) On 31st March, 2018 the balance sheets 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.
Equity 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 (at cost)	2,80,000	-
Profit and Loss A/c	90,000	55,000	Stock	1,05,000	1,71,000
Creditors	1,20,000	80,000	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, 2018 after taking into consideration the following information.

- i) H Ltd acquired the shares on 31st July 2017. ii) S Ltd earned profit of Rs. 45,000 for the year ended 31st March, 2018. iii) In January 2018 S Ltd. sold to H Ltd. goods costing Rs. 15,000 for Rs. 20,000. On 31st March, 2018 half of these goods were lying as unsold in the godown of H Ltd. give your working notes and balance sheet.