

(FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2025 ONLY)

25PCC101

REG.NO. :

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

M.Com .-CA
SEMESTER: I

MAXIMUM MARKS: 75
TIME : 3 HOURS

HIGHER CORPORATE ACCOUNTING

SECTION – A (10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS.

(K1)

1. Which Accounting Standard deals with the disclosure of accounting policies?
a) AS2 b) AS3 c) AS1 d) AS6
2. In an amalgamation in the nature of purchase, the difference between purchase consideration and net assets acquired is treated as: _____.
a) Capital reserve or goodwill b) General reserve c) Securities premium d) Revenue reserve
3. Minority interest refers to: _____
a) Share of profit to outsiders in subsidiary b) Holding company's capital
c) Bonus shares issued d) Government ownership
4. What does NPA stands for?
a) Non-Profit Accounts
b) Non-Performing Assets
c) Net Profit Allocation
d) Nominal Provision Asset
5. Under current purchasing power (CPP) method of inflation accounting, monetary items are:
a) Restated at current price index
b) Not restated, as they are already expressed in monetary terms
c) Explain the provisions of AS 1 on disclosure of accounting policies with suitable examples. into historical cost
d) Written off from reserves

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES.

(K2)

6. Which accounting standard deals with disclosure of accounting policies?
7. In amalgamation, what is the term for the price paid to shareholders of the transferor company?
8. What is meant by "capital profit" in holding company accounts?
9. What is the meaning of "Rebate on bills discounted"?
10. Under inflation accounting, which method uses current price index to restate financial statements?

(CONTD.....2)

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

11. a) Explain the provisions of AS 1 on disclosure of accounting policies with suitable examples.

(OR)

b) Prepare a Proforma of a company's Profit and Loss Account as per Schedule III of the Companies Act, 2013.

12. a) Distinguish between Amalgamation and External Reconstruction.

(OR)b) A Ltd was absorbed by B Ltd on 31st December 2023. On that date their Balance Sheet were as under:

Liabilities		Rs.	Assets		Rs.
Equity Shares of Rs.10 each	5,00,000	2,00,000	Fixed Assets	3,00,000	2,00,000
Reserves and surplus	1,00,000	50,000	Investment	-	20,000
Current Liabilities	2,00,000	1,50,000	Current Assets	5,00,000	1,80,000
	8,00,000	4,00,000		8,00,000	4,00,000

The condition of absorption is 2 shares of B Ltd of Rs.10 each at a premium of Rs.2.50 per shares for every one share held in A Ltd.

Prepare the ledger accounts in the books of A Ltd and Pass entries in the books of B Ltd.

13. a) P Ltd acquired 65% shares of Q Ltd on 1.10.2022, P & L a/c in the books 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 profit and revenue profits.

(OR)

b) H Ltd acquired 3,000 equity shares in S Ltd on 1st April 2020. On 31st December 2020, the Balance sheet of S Ltd was as follows:

Liabilities		Rs.	Assets	Rs.
Share Capital: 4,000 equity shares of Rs.100 each		4,00,000	Sundry Assets	6,40,000
General Reserve on 1.1.2020		80,000		
P&L a/c on 1.1.2020	20,000			
Profit for 2020	80,000	1,00,000		
Sundry Creditors		60,000		
		6,40,000		6,40,000

Calculate Capital Profits and Revenue Profits.

14. a) On 31st March 2023 a bank held the following bills discounted by it earlier:

Date of bill 2023	Term of bill (months)	Discount @%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)**(CONTD.....3)**

- b) From the following details relating to a Banking company, find out the profit balance carried over to the Balance sheet.

	Rs.
Interest earned	5,25,000
Other income	2,20,440
Interest expended	1,25,000
Operating expenses	1,83,686
Profit brought forward from the previous year	1,00,640
Transfer to the statutory reserve at 25%	

15. a) A Life Assurance Company prepared its Revenue A/c for the year ended 31.3.2006 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:

- (a) Interest accrued on investments Rs. 39,000;
Income tax liable to be deducted thereon is estimated to be Rs. 10,500.
(b) Outstanding premiums Rs. 32,800.
(c) Bonus utilized for reduction of premium Rs. 6,750.
(d) Claims intimated but not admitted Rs. 17,400
(e) Claims covered under reinsurance Rs. 6,500,
What is the true Life Assurance Fund?

(OR)

- b) Explain the main features of marine insurance.

SECTION – C

(5 X 8 = 40 MARKS)

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

16. a) Discuss the objectives and significance of AS 3 (Cash Flow Statement) and prepare a specimen format for its presentation as per the prescribed guidelines.

(OR)

- b) From the following balances, prepare the Balance Sheet of a Company in the prescribed format.

Goodwill	Rs. 1,50,000;
Investments	Rs. 2,00,000;
Share capital	Rs. 5,00,000;
Reserves	Rs. 1,10,000;
Securities premium	Rs. 15,000;
Preliminary expenses	Rs. 10,000;
Profit and Loss A/c (Cr)	Rs. 25,000;
Debentures	Rs. 2,50,000.
Other fixed assets	Rs. 4,70,000;
Stock	Rs. 80,000;
Debtors	Rs. 60,000;
Bank balance	Rs. 30,000;
Unsecured loan	Rs. 65,000;
Sundry creditors	Rs. 35,000.

- 17.a) X Co. Ltd agreed to acquire the assets and liabilities excluding cash as on 31st Dec. 2023 of Y Co. Ltd. The Balance sheet of Y Ltd. as on that date was:

Liabilities	H Ltd	Assets	H Ltd
Equity share capital (shares of Rs.10 each)	3,00,000	Goodwill	60,000
General Reserves	80,000	Land and Building	1,20,000
Debentures	50,000	Plant and Machinery	2,00,000
Creditors	10,000	Stock	80,000
P & L a/c	60,000	Debtors	30,000
		Cash	10,000
	5,00,000		5,00,000

(CONTD.....4)

The consideration was as follows:

- A cash payment of Rs.4 for every shares of Y Ltd.
- The issues of one share of Rs.10 each (market value Rs.12.50) in the X company Ltd for every share in Y Co. Ltd.
- The issue of 1100 debentures of Rs.50 each in X Co.Ltd to enable Y Ltd. to discharge its debenture at a premium of 10%.
- The Expenses of liquidation of Y Ltd Rs.4,000 was to be met by themselves.
- Give necessary Ledger Account in the Books of Y Ltd.

(OR)

- 17 b) The A company and B Company whose business are of similar nature, decided to amalgamation and a new company called AB Company Ltd. is formed to take over their assets and liabilities. The following are their Balance sheet.

Liabilities	A Rs.	B Rs.	Assets	A Rs.	B Rs.
7500 Eq.shares of Rs.10 each	75,000	-	Goodwill	30,000	20,000
4550 Eq. shares of Rs.10 each	-	45,000	Plant	18,300	13,450
Sundry Creditors	3,300	2,000	Land	10,000	-
Reserves	4,200	-	Stock in trade	16,000	11,550
Profit & Loss a/c	800	5,000	Sundry Debtors	7,500	6,000
			Cash	1,500	1,000
	83,300	52,000		83,300	52,000

Assuming that the assets and liabilities are worth at their book values, what amount each company will get? Pass necessary journal entries in the books of the purchasing company and also prepare the Balance sheet of AB Company Ltd.

18. a) On 31st March 2020, the balance sheets of H Ltd and its subsidiary S Ltd stood as follows:

Liabilities	H Ltd	S Ltd	Assets	H Ltd	S Ltd
Equity share capital	8,00,000	2,00,000	Fixed assets	5,50,000	1,00,000
General Reserves	1,50,000	70,000	75% shares in S Ltd (at cost)	2,80,000	-
Profit & Loss a/c	90,000	55,000	Stock	1,05,000	1,77,000
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 2020 after taking into consideration the following information.

- H Ltd acquired the shares on 31st July 2019.
- S Ltd earned profit of rs.45,000 for the year ended 31st March 2020.
- In January 2020, S Ltd sold to H Ltd goods costing Rs.15,000 for Rs.20,000. On 31st March 2020, half of these goods were lying as unsold in the godown of H Ltd.

(OR)

- b) From the following Balance sheet relating to H Ltd and S Ltd, Prepare a consolidated Balance Sheet.

Liabilities	H Ltd	S Ltd	Assets	H Ltd	S Ltd
Equity Share Capital Share of Rs.10 each	10,00,000	2,00,000	Fixed Assets	8,00,000	1,20,000
Profit & 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 Payables		30,000	Shares in S Ltd as cost (15,000 shares)	1,50,000	-
	17,00,000	5,30,000		17,00,000	5,30,000

(CONTD.....5)

- a) 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.
- b) All the bills payable of S Ltd were accepted in favour of H Ltd.
- c) The stock of H Ltd includes Rs.50,000 purchased from S Ltd. The Profit added was 25% on cost.
- 19.a) From the following particulars, prepare a Profit & Loss A/c of New Bank Ltd, for the year ended 31.12.2020.

	Rs. In '000		Rs. In '000
Interest on Loans	260	Interest on Cash Credit	225
Interest on Fixed Deposits	280	Rent and taxes	20
Rebate on bills discounted	50	Interest on overdraft	56
Commission charged to customers	9	Directors and Auditors Fee	4
Establishment expenses	56	Interest on Saving Bank account	70
Discount on bills discounted	200	Postage and Telegrams	2
Interest on current accounts	45	Sundry charges	2
Printing and Advertisements	3		

(OR)

- b) On 31st December 2023, the following balance stood in the books of Indian Bank Ltd., after preparation of its profit and loss account:

	Rs. In '000		Rs. In '000
Share Capital Issued and subscribed	4,000	Cash with RBI	10,000
Reserve fund	6,200	Cash with other banks	6,000
Fixed deposits	42,600	Bills discounted and purchased	3,800
Savings bank deposits	19,000	Loans, cash credit and Overdrafts	51,000
Current accounts	23,200	Bills payable	70
Money at call and short notice	1,800	Unclaimed dividend	60
Investment	25,000	Rebate on bills discounted	50
P&L account (cr)1.1.23	1,350	Short loans(borrowing from other banks)	4,750
Dividend for 2022	400	Furniture	1,164
Premises	2,950	Other Assets	336
Cash in hand	380	Net Profit for 2023	1,550

Prepare balance sheet of the bank as on 31st December 2023.

- 20.a) Briefly explain the schedules prepared while finalizing accounts of a general insurance company.

(OR)

- b) Discuss the objectives, methods, and limitations of inflation accounting.
