(FOR THE CANDIDATES ADMITTED **SUBJECT CODE** 25PCO101

DURING THE ACADEMIC YEAR 2025-2027 ONLY) **REG.NO.**

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

END-OF-SEMESTER EXAMINATIONS : NOVEMBER 2025

M.Com . **MAXIMUM MARKS: 75**

SEMESTER : I **TIME : 3 HOURS**

ADVANCED CORPORATE ACCOUNTING

SECTION – A (10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS. **K1**

1. Rebate on bills discounted is treated as …………
   (a) Expense (b) Liability (c) Assets (d) Income
2. Accounting standard for Amalgamation is……………
   (a) AS 8 (b) AS 20 (c) AS 14 (d) AS 3
3. The Percentage of Profit of Life business to be distributed to policy holders is………..
   (a) 95% (b) 100% (c) 50% (d) 40%
4. What is the basic principle of the double entry system?
   (a) Assets = Liabilities (b) Debit = Credit
   (c) Revenue = Expenses (d) Assets = Capital
5. A company in 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 are Non performing assets?
7. How is purchase consideration calculated?
8. Name the two types of insurance business.
9. What is the Double Account System?
10. Mention any two features of a holding company.

SECTION – B (5 X 5 = 25 MARKS)

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

11. a) Give a short note on Rebate on bills discounted.

(OR)

b) Describe the advances usually made by banks.

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12. a) Prepare the purchase consideration under net assets method from the following information value of the assets taken over:

Fixed assets Rs.17,87,500

Investments Rs.3,00,000

Current assets Rs.2,25,000

5%Debentures Rs.3,85,000

Current liabilities Rs.2,50,000

(OR)

b) B Ltd. agreed to absorb A Ltd. upon the following terms :

(A) Shares of A Ltd. are to be considered as worth Rs.12 each (of which shareholders are to be paid one quarter in cash and the balance in Rs.100 shares of B Ltd. which are to be issued at 25% premium.

Total shares were: 10,000 in B Ltd and 20,000 in A Ltd.

Ascertain the number of shares to be issued by B Ltd.

13. a) From the following particulars, calculate the premiums earned (Net) to be derived In Schedule 1 of a life insurance company:

Premium less reinsurance Rs. 1,61,500.

Accrued premium Rs. 5,000.

Bonus in reduction of premium Rs.5,000.

(OR)

b) The Life fund of a Life Insurance Company on 31.3.2023 showed a balance of Rs.54,00,000. However, the following items were not taken into account while preparing the Revenue A/C for 2024-25:

(a) Interest and dividends accrued on investment Rs.20,000.

(b) Income tax deducted at source on the above Rs.6,000

(c) Commission due on reinsurance premium paid Rs. 10,000.

(d) Reinsurance claims recoverable Rs.7,000.

(e) Bonus in reduction of premiums Rs.3,000.

14. a) Compute the amount to be charged to Revenue a/c from the information given below:

Original cost of an asset	Rs.15,00,000
Present cost of replacement	Rs.20,00,000
Amount spent on replacement	Rs.21,50,000

(OR)

(CONTD …. 3)

b) A new building for an Electric Supply power House has been constructed at a cost of Rs.50,00,000 to replace an old building, the original sot of which was Rs.25,00,000 and the estimated present cost of replacing which , as it stands , is Rs.32,00,000. The sale proceeds of the old material of the dismantled building amount to Rs.28,000 and the value of old material utilized in the new construction is Rs.12,000.
Show journal entries to record the above transactions.

15. a) P Ltd. acquired 65% share of Q Ltd. on 01.10.2024. P&L a/c in the books of Q Ltd. showed a debit balance of Rs.40,000 on 01.04.2024. On 31.03.2025, 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) Balance Sheet of S Ltd. on acquisition date:
Equity Share Capital: ₹1,00,000
Reserves: ₹40,000
Profit & Loss A/c: ₹20,000
H Ltd. acquired 80% shares of S Ltd.
Calculate Minority Interest.

SECTION – C (5 X 8 = 40 MARKS)

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

16. a) Explain the legal restrictions imposed on banking companies.

(OR)

b) Discuss the importance of HRA in decision-making.

17. a) Alpha Ltd and Beta Ltd were amalgamated on 1st April 2022. A new company Gamma Ltd was formed to takeover the business of the existing companies. The balance sheet of Alpha Ltd and Beta Ltd as on 31st March 2022 are given below:

Liabilities	Alpha	Beta	Assets	Alpha	Beta
Share capital :Equity shares of Rs.100 each	1000	800	Fixed assets	1200	1000
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 loans:					
12% Debentures of Rs.100 each	96	80			
Current liabilities & provisions	204	95			
	2,080	**1,565**		**2,080**	**1,565**

(CONTD …. 4)

Other informations:

- 12% Debenture 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 for Rs.100 each.

Prepare the Balance sheet of Gamma Ltd as on 1st April 2022 after the Amalgamation has been carried out using the 'Pooling of Interest method'.

(OR)

b) PQR Ltd. has the following balances:

1,00,000 Equity Shares of ₹10 each, fully paid = ₹10,00,000

Profit and Loss A/c (Dr.) = ₹4,00,000

Goodwill = ₹1,50,000

Preliminary Expenses = ₹50,000

The company decides to reduce the share capital to ₹6 per share and write off the entire debit balance in P&L and fictitious assets.

Pass the journal entries required for internal reconstruction.

18. a) The following information is provided by Life Secure Ltd. for the year ending 31stMarch 2025:

Premium received ₹12,00,000

Claims paid ₹5,00,000

Commission on policies ₹1,00,000

Operating expenses ₹2,00,000

Interest and dividend received ₹80,000

Bonus in reduction of premium ₹50,000

Claims outstanding at the beginning ₹70,000 and at the end ₹90,000

Premium outstanding at the end ₹40,000

Management expenses due at year-end ₹20,000

Prepare the Revenue Account for the year ending 31st March 2025.

(OR)

b) From the following, prepare Schedule 1 Premium earned for a fire insurance company.

Premium received Rs.3,00,000

Premium outstanding at the beginning of the year Rs.25,000

Premium outstanding at the end of the year Rs.37,500

Premium on reinsurance accepted Rs.12,500

Premium on reinsurance ceded Rs.5,000

Reserve for unexpired risk at the beginning of the year Rs.1,25,000

Additional reserve at the beginning of the year Rs.25,000

Additional reserve for unexpired risk @1%of the net premium in addition to opening balance is to be provided.

19. a) The Gurgaon Electricity Company Limited decides to replace one of its old plants with a modern one with a larger capacity. The plant when installed in 1985 cost the company Rs 24 lakhs, the components of materials, labour and overheads being in the ratio of 5:3:2. It is ascertained that the costs of materials and labour have gone up by 40% and 80% respectively. The proportion of overheads to total costs is expected to remain the same as before. The cost of the new plant as per improved design is Rs.60 lakhs and in addition, material recovered from the old plant of a value of Rs.2,40,000 has been used in the construction of the new plant. The old plant was scrapped and sold for Rs.7,50,000. The accounts of the company are maintained under Double Account system. Indicate how much would be capitalised and the amount that would be charged to revenue. Show the ledger accounts.

(OR)

b) City electricity limited earned a profit of Rs.8,45,000 during the year ended 31stMarch 2024 after debenture interest @7½ % on Rs.2,50,000.

The following additional information is provided:

	Rs.
Original cost of fixed assets	1,00,00,000
Formation and other expenses	5,00,000
Monthly average of current assets (net)	25,00,000
Reserve fund (represented by 4% Govt. Sec.)	10,00,000
Contingencies reserve fund investment	2,50,000
Loan from electricity board	15,00,000

(CONTD …. 6)

Total depreciation written off to date	20,00,000
Tariff and dividend control reserve	50,000
Security deposit received from customers	2,00,000

Assume bank rate to be 6%

Prepare the Disposal of Profit (Profit & Loss Appropriation) Account for the year.

20. a) Explain the main steps involved in preparing a Consolidated Balance Sheet of a Holding Company with one Subsidiary.

(OR)

b) Prepare a Consolidated Balance Sheet of H Ltd. and S Ltd.

Balance Sheets as on 31st March 2025

	H Ltd. (in ₹)	**S Ltd. (in ₹)**
Equity Share Capital	10,00,000	5,00,000
Reserves & Surplus	3,00,000	2,00,000
Creditors	2,00,000	1,00,000
Fixed Assets	9,00,000	5,00,000
Investment in S Ltd.	6,00,000	-
Current Assets	5,00,000	3,00,000

Additional Information:

- H Ltd. acquired 80% of shares in S Ltd. on 1st April 2024.
- Reserves of S Ltd. on acquisition: ₹1,20,000

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