(FOR THE CANDIDATES ADMITTED DURING THE ACADEMIC YEAR 2024-25 ONLY)

SUBJECT CODE **24 UCO 409**

REG.NO.

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

END-OF-SEMESTER EXAMINATIONS : MAY– 2026

B.Com. (AIDED & S.F.) **MAXIMUM MARKS: 75**

IV SEMESTER **TIME : 3 HOURS**

PART – III

CORPORATE ACCOUNTING-II

SECTION – A (10 X 1 = 10 MARKS)

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

1. Goodwill is shown in company's balance sheet under the head _____
   (a) Fixed assets (b)Investments (c)Miscellaneous expenses (d) Longterm liability
2. The % of profits to be transferred to statements reserve by the banking company is ___
   (a) 20% (b) 25% (c) 15% (d)10%
3. Measurement of the value of the human resources is based on the ____
   (a) Stock concept in accounting (b)Future profit concept
   (c)Ownership concept of an asset (d)Capitalization of salary method
4. Inflation accounting is also known as___
   (a) Accounting for price level changes (b) Decision making
   (c) Standard accounting (d) Historical accounting
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 is Intrinsic value method?
7. Define standard assets.
8. What is register of claims in general insurance?
9. What is inflation accounting?
10. What is minority interest in holding company ?

SECTION – B (5 X 5 = 25 MARKS)

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

11. a) Calculate the amount of goodwill on the basis of three years purchase of the last five years' average profits. The profits for the last five years are:

	Rs
I year	4,800
II year	7,200
III year	10,000
IV year	3,000
V year	5,000

(OR)

(CONTD …. 2)

ETHICAL PAPER

b) From the following information calculate the value per equity share

Particulars	Rs
5000 8% preference shares of Rs.100 each	5,00,000
75,000 equity shares of Rs.10 each Rs.8 per share paid up	6,00,000
Expected profits per year before tax	2,80,000
Rate of tax	50%
Transfer to general reserve every year	20% of the profit
Normal rate of earnings	10%

12. 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 overdrafts	56
Commission charged to customers	9	Directors and Auditors fees	4
Establishment expenses	56	Interest on savings bank accounts	70
Discount on bills discounted	200	Postage and telegrams	2
Interest on current accounts	45	Sundry charges	2
Printing and advertisements	3		

13. a) From the following figures appearing in the books of Fire insurance division of general company, show the amount of claim as it would appear in revenue account, by preparing schedule 2,claims incurred

	Direct Business Rs.(000)	Re-insurance Rs.(000)
Claims paid during 2015-16	4,670	700
Claims payable- 1-4-2015	763	87
31-3-2016	812	53
Claims received	-	230
Claims receivable -1-4-2015	-	65
31-3-2016	-	113
Expenses of Management (includes Rs.35 thousand surveyors fees and Rs.45 thousand legal expenses for settlement of claims	230	

(OR)

b) Explain the cost based methods of human resource valuation.

14. a) From the following balances are abstracted from the books of New Bharat life insurance Co.Ltd., as on 31.03.2016

(CONTD …. 3)

Rs.(in 000)		Rs.(in 000)	
Life Assurance Fund (1-4-2015)	15,00,000	Claims paid during the year	64,900
Premiums	4,96,000	Annuities	2050
Consideration for annuities granted	15,000	Bonus in reduction of premiums	1600
Interest & Dividends	1,00,000	Medical fees	2400
Fines for revival of polices	750	Surrenders	4000
Reinsurance premium	20,750	Commission	81,650
Claims outstanding (1.4.2015)	4500	Management expenses	22,000
		Income tax on Dividends	8500

Prepare Revenue A/c after making the following adjustments:

i) Outstanding balances:	Rs. (000)
Claims	14,000
Premiums	4,600
ii) Futher bouns for premium	2,400
iii) Claim under reinusurance	8,000

(OR)

b) The following information relating to Malar Ltd., for the year ended 31.12.2016 is provided to you and you are requested to calculate net monetary gain or loss for the year 2016.

	RS.
Net monetary assets on 1-1-2016	5000
Net monetary assets on 31-12-2016	35,000

Transaction for the year are as given below

Cash sales - 40,000
Credit sales – 50,000
Credit purchases -35,000
Wages -10,000
Other operating expenses -5000
Interest paid on 31.12.2016 -10,000
General price index on 1.1.2016 = 100
General price index on 31.12.2016 = 150
Average index for the year =125

15. a) The Balance Sheets of C Ltd. and D Ltd.as at 31^{st} December,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
			Goodwill	-	20,000
General reserve	18,000	20,000	Shares in D Ltd.at cost	1,40,000	-
Profit & Loss A/c	24,500	23,000			
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 31^{st} December 2016 is Rs.12000 and transfer to reserve is Rs.5000. The holding of C Ltd in D Ltd is 90% acquired on 30^{th} June 2016.

Draft a consolidated balance sheet of 'C' Ltd and its subsidiary.

(OR)

b) On 31st March ,2018 the balance sheet 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	1,77,000
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 ,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.

SECTION – C (5 X 8 = 40 MARKS)

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

16. a) Average capital employed in K Ltd , is Rs.35,00,000 whereas net trading profits before tax for the last three years have been Rs.14,75,000:Rs.14,55,000 and Rs.15,25,000.In these three years, the managing director was paid a salary of Rs.10,000 p.m. But now he would be paid a salary of Rs.12,000 p.m. Normal rate of return expected in the industry in which K Ltd. engaged is 18%.Rate of tax is 50% Calculate goodwill on the basis of three years' purchase of the super profits

(OR)

b) The paid up share capital of Soundarya Ltd. Consists of 4,000 8% preference shares of Rs.100 each and 20,000 equity shares of Rs.50each.According to Articles of Association, the preference shares are entitled to participate in the surplus profits to the extent of 1/10 of profits remaining after payment of 8% dividend on preference shares and 12% dividend on equity shares. the balance of profit is available to equity share holders.

The average annual profits of the company are Rs.3,92,000 after providing for depreciation and Taxation. It is considered necessary to transfer Rs.40,000per annum to reserve fund. The normal return expected on preference shares is 10%and on equity shares is 12%. Find out the value of each preference share and equity share in the company.

17. a) Following is an extract from the trial balance of a bank as a 31st March, 2024:

	Rs	
Bills discounted	51,50,000	
Rebated on bills discounted not yet due ,April 1 ,2023		30,501
Discount received amount		1,45,500

An analysis of the bill discounted as shown above shows the following

Date of bills (2024)	Amount (Rs)	Term months	Discounted @%p.a
January 13	7,50,000	4	12
February 17	6,00,000	3	10
March 6	4,00,000	4	11
Marchb16	2,00,000	2	10

Find out the amount of discount received to be credited to Profit and Loss account and pass appropriate journal entries for the same .How the relevant items will appear in the bank's balance sheet.

(CONTD …. 5)

(OR)

b) Some of the items in the Trial balance of Modern Bank Limited as on December 31,2021 were as follows:

	Rs		Rs
Loans and advances	71,50,000	Printing and stationary	4,500
Current accounts (Including overdraft of Rs.15,00,000)	66,00,000	Interest on bank deposits	75,000
Bills discounted and purchased	19,20,000	Auditor's fees	5,000
Interest on fixed deposits	1,55,000	Director's fees	2,500
Interest on loans	2,25,000	Interest on overdrafts	95,000
Discount (subject to unexpired discounts Rs.30,000)	2,01,000	Provision for bad debts, January 1^{st} ,2021	42,000
Interest on cash credits	1,05,000	Bad debts	21,000
Commission earned	46,500	Provisions for income tax, January 1^{st} ,2021	66,000
Loss on sale of Investment	34,000	Income tax paid for 2021	54,000
Salaries and allowances	82,000		

You are required to prepare the profit and loss account of the bank ,maintaining the provision for income tax at Rs.52,000 for the year ended December 31,2021.

All working should form part of your answer.

18. a) Prepare Form B-RA prescribed by IRDA for Revenue account of General insurance company.

(OR)

b) Explain the Value-based methods of Human Resource valuation.

19. 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 account for 2016-2017.

a	Interest and dividends accrued on investments	Rs.20,000
b	Income tax deducted at source on the above	Rs.6,000
c	Reinsurance claims recoverable	Rs.7,000
d	Commission due to reinsurance premium paid	Rs.10,000
e	Bonus in reduction of premiums	Rs.3,000

(OR)

b) A real estate company was started with a capital of Rs.50,00,000 which was invested in urban land on 01.01.2010. On that date general price index was 100 and specific price index for land was 200. The company had no other transactions and sold the land on 1-1-2015. On which date the general price index was 180 and the specific price index was 420. The sale price of the land was Rs.1,80,00,000.

You are required to ascertain profit under (1) Historical cost (2) CCA method and (3) CPP method

20. a) Elaborate the Accounting treatment for bonus shares issued by subsidiary company in holding company accounts.

(OR)

b) Explain the Accounting treatment of cost of control or goodwill with format.