

(FOR THE CANDIDATES ADMITTED

DURING THE ACADEMIC YEAR 2021-24 ONLY)

21UCC306

REG.NO. :

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

END-OF-SEMESTER EXAMINATIONS : DECEMBER-2022

COURSE NAME: B.Com.-C.A

MAXIMUM MARKS: 70

SEMESTER: III

TIME : 3 HOURS

PART - III

CORPORATE ACCOUNTING

SECTION - A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS.

(K1)

1. When shares are forfeited, the share capital account is debited by _____.
(a) Paid-up capital (b) called-up amount
(c) calls-in arrear (d) nominal value of such shares
2. Goodwill is shown in assets side of the company's balance sheet under the heading _____.
(a) Fixed Assets (b) Current Assets
(c) Investments (d) Miscellaneous expenditure
3. When the purchasing company makes payment of the purchase consideration, it debits _____.
(a) Business purchase account (b) Assets account
(b) Vendor's company account (d) Capital account
4. Excess of cost of investment over paid up value of the shares is considered to be _____.
(a) Goodwill (b) Capital Reserve
(c) Minority Interest (d) Revenue Profit
5. Rebate on bills discounted is _____.
(a) An item of income (b) A liability
(c) Income Received in advance (d) Income outstanding

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES.

(K2)

6. Indicate what are preference shares?
7. What is meant by dividend?
8. Define Absorption of companies.
9. What is Minority Interest?
10. What is life fund at the end?

SECTION – B

(5 X 4 = 20 MARKS)

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

11. a) The directors of 'Z' Co. Ltd. forfeit 10 Shares of Rs.50 each belonging to 'Karthik' who paid Rs.5 per share on application, Rs.10 on allotment and Rs.15 on first call but failed to pay the final call of Rs.20. The same shares are then reissued to 'Raj' as fully paid on receipt of Rs.400. Compute Journal entries to record the forfeiture and the reissue of Shares.

(CONTD....2)

(OR)

11. b) Timex Ltd., issued 1,000 8% debentures of Rs.100 each. Give appropriate journal entries in the books of the company, if the debentures were issued as follows:
- Issued at par, redeemable at par.
 - Issued at par, redeemable at a premium of 10%.
 - Issued at a discount of 5%, repayable at a premium of 10%.
12. a) A company carried forward a balance of Rs. 30,000 in the profit and loss account from the year ended 31st March 2006. During the year it made a further profit of Rs.3,00,000. It was decided to carry out the following provisions.
- Provision for taxation Rs. 1,50,000
 - Dividend equalisation account Rs. 20,000
 - Dividend on 8% preference Shares of Rs. 2,00,000
 - Dividend at 15% on 30,000 equity shares of Rs. 10 each fully paid.
 - General Reserve Rs.35,000
 - Corporate dividend tax @ 12% on dividend.
- Show profit and loss Appropriation Account to this effect.

(OR)

- b) Write about the treatment of the following in company final accounts.
- Provision for tax
 - Advance payment of tax

13. a) Spring Field Ltd. is absorbed by Sports Field Ltd., the consideration being:
- The taking over of the trade liabilities of Rs. 40,000.
 - The payment of cost of absorption of Rs. 15,000.
 - The repayment of 'B' debentures of Spring Field Ltd. of Rs. 2,00,000 at par;
 - The discharge of 'A' debentures of Rs. 3,00,000 in the Vendor Co. At a premium of 10% by the issue of 8% debentures in Sports Field Ltd. at par;
 - A payment of Rs. 20 per share in cash and the exchange of 4 fully paid Rs. 10 shares in Sports Field Ltd. at a market price of Rs. 15 per share for every Rs. 50 share in Spring Field Ltd. which were 40,000 in number.

You are required to find out the purchase consideration.

(OR)

- b) List various methods of purchase consideration?

14. a) Balance sheets as at 31.12.2000.

Liabilities	H Rs.	S Rs.	Assets	H Rs.	S Rs.
Share capital:			Sundry assets	16,000	10,000
Rs.1 each	10,000	5,000	5,000 shares in		
Reserve	5,000	—	S Ltd	6,000	—
P&L A/c	4,000	1,800			
Creditors	3,000	3,200			
	<u>22,000</u>	<u>10,000</u>		<u>22,000</u>	<u>10,000</u>

Shares of S Ltd were purchased by H Ltd on 30th June 2000. On 1st Jan 2000 the balance sheet of S Ltd showed a loss of Rs.3,000. Prepare the consolidated balance sheet

(OR)

- b) S' Ltd. has a capital of Rs.2,00,000 in shares of Rs.100 each out of which H Ltd. purchased 75% of the shares at Rs.2,40,000. The profits of 'S' Ltd. at the time of purchase of shares by H Ltd. were Rs.1,10,000. S Ltd. decided to make a bonus issue out of pre-acquisition profit of one share for every five shares held. Calculate the cost of control of acquiring shares of 'S' Ltd.,
- Before the issue of bonus shares
 - After the issue of bonus shares.

- 15.a) The Trial Balance of the Nedungadi Bank Ltd., as on 30th June 2019 shows the following balances.

	Rs.
Interest and Discount	45,40,600
Rebate on bills discounted (1.7.2018)	4,750
Bills discounted and purchased	3,37,400

The unexpired discount as on 30.6.2019 is estimated to be Rs.5,560. Draft necessary adjusting entries and calculate the amount of interest and discount to be credited to Profit and Loss Account.

(OR)

- b) The Revenue account of a life insurance company shows the life insurance fund on 31 .3.2016 at Rs.48,78,000 before taking into account the following items .

	Rs.
Claims intimated but not admitted	65,500
Bonus utilize in reduction of premiums	6,500
Interest accrued on securities	19,500
Outstanding premiums	18,000
Claims recover under reinsurance	27,000

Pass the entries giving effect to the above adjustments and show the life fund at the end of the year 2015-16 after making the above adjustments.

SECTION - C

(4 X 10 = 40 MARKS)

ANSWER ANY FOUR OUT OF SIX QUESTIONS

**(16th QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS
(FROM Qn. No : 17 to 21) (K4 (Or) K5)**

16. A Ltd. invited applications for 10,000 shares of Rs. 100 each at a discount of 5% payable as follows:

On application	Rs. 25
On allotment	Rs. 34
On first & final call	Rs. 36

Applications were received for 9,000 shares and all of these were accepted. All moneys due were received except the first and final call on 100 shares which were forfeited. Of the forfeited shares, 50 shares were reissued at the rate of Rs. 90 as fully paid. Show necessary journal entries in the books of the company.

17. Palani company has 12% debentures of Rs.1,000 each. On 1st March 2008, it purchased 200 of its own debentures at Rs.960 (Ex-interest) as investment. On 31st December 2006, It cancelled the 12% debentures with own debentures. Give journal entries and show the relevant figures as on 31st December 2006. Interest is payable on 30th June and 31st December every year.

(CONTD....4)

18. The following is the trial balance of Krishna Ltd., as on 31st December 2016. The authorised capital is 1,00,000 equity shares of Rs.10 each. Prepare a statement of Profit & Loss A/c and balance sheet as on that date.

PARTICULARS	DEBIT (RS)	PARTICULARS	CREDIT (RS)
Call-in-Arrears	12,800	Subscribed Capital: 20,000 Shares of Rs.10 each	2,00,000
Land	20,000	Bad Debts Reserve (on 01.01.2016)	2,800
Buildings	50,000	Sales	1,60,000
Machinery	30,000	Purchases Returns	6,800
Furniture	6,400	Sundry Creditors	26,400
Carriage Inwards	4,600	Securities Premium	12,000
Wages	42,800	General Reserves	48,000
Salary	9,200		
Sales return	3,400		
Bank charges	200		
Coal	1,400		
Rates and Taxes	1,600		
Purchases	1,00,000		
Bills Receivable	2,400		
General Expenses	3,800		
Sundry Debtor	85,600		
Stock (on 01.01.2016)	50,000		
Fire insurance	800		
Cash at Bank	26,000		
Cash in Hand	5,000		
TOTAL	4,56,000	TOTAL	4,56,000

Adjustments:

- Charge depreciation on buildings at 2 1/2%, On machinery at 10%, and on furniture at 10%.
- Make a reserve 5 % on debtors for bad debts;
- Carry forward the following unexpired amount fire insurance of Rs.240.
- Provide for liabilities: Wages Rs.6,400, Salaries Rs.1,000, and Rates Rs. 400
- the value of stock on 31st December 2016 was Rs.60000.

19. The following is the Balance Sheet of X Ltd. as on 31.3.2014.

Liabilities	Rs.	Assets	Rs.
Share capital:		Land & Buildings	10,00,000
2,00,000 shares of Rs. 10 each	20,00,000	Plant & Machinery	15,00,000
General Reserve	2,50,000	Furniture	25,000
Dividend equalisation reserve	2,00,000	Stock	6,00,000
Profit & Loss A/c	51,000	Work-in-progress	3,00,000
12% Debentures	10,00,000	Sundry debtors	2,50,000
Sundry creditors	3,00,000	Cash at Bank	1,26,000
	<u>38,01,000</u>		<u>38,01,000</u>

(CONTD 5)

The company was absorbed by A Ltd. on the above date. The consideration for the absorption is the discharge of the debentures at a premium of 5%, taking over the liability in respect of sundry creditors and a payment of Rs. 7 in cash and one share of Rs. 5 in A Ltd. at the market value of Rs. 8 per share for every share in X Ltd. The cost of liquidation of Rs. 15,000 is to be met by the purchasing company.

Close the books of X Ltd., and pass journal entries in the books of A Ltd.

20. From the Balance sheet given below, prepare consolidated balance sheet.

Balance sheet as at 31st March 2021

Liabilities	H Ltd.Rs.	S Ltd.Rs.	Assets	H Ltd.Rs.	S Ltd.Rs.
Shares of Rs.10 each	5,00,000	1,00,000	Fixed assets	4,00,000	60,000
P & L A/c	2,00,000	60,000	Stock	3,00,000	1,20,000
Reserves	60,000	30,000	Debtors	75,000	85,000
Bills payable	-	15,000	Bills receivable	20,000	-
Creditors	1,10,000	60,000	Shares in S Ltd.		
			7,500 at cost	75,000	-
	8,70,000	2,65,000		8,70,000	2,65,000

Other information:

- The bills accepted by S Ltd. are all in favour of H Ltd.
- The stock of H Ltd. include Rs.25,000 bought from S Ltd. at a profit to latter of 20 % on sales.
- All the profit of S Ltd. has been earned since the shares were acquired by H.Ltd. but there was already reserve of Rs.30,000 at the date.

21. On 31st December 2016, the following balances stood in the books of Asian Bank Ltd., after preparation of its profit and loss account.

Share capital:	Rs. (in '000)
Issued and subscribed	4,000
Reserve fund (under section 17)	6,200
Fixed deposits	42,600
Savings bank deposits	19,000
Current accounts	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 2005	400
Premises	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 drafts	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 Profit for 2006	1,550

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