

(FOR THE CANDIDATES ADMITTED

SUBJECT CODE

22PCO101

DURING THE ACADEMIC YEAR 2022-23 ONLY)

REG.NO. :

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

END-OF-SEMESTER EXAMINATIONS : DECEMBER – 2022

M.Com.

MAXIMUM MARKS: 50

SEMESTER I

TIME : 3 HOURS

ADVANCED CORPORATE ACCOUNTING**SECTION – A****(10 X 1 = 10 MARKS)****ANSWER THE FOLLOWING QUESTIONS.****(K1)**

1. Accounting Standard for Amalgamation is
 - a) AS – 8
 - b) AS – 20
 - c) AS – 14
 - d) AS – 3
2. Dividends are usually paid in
 - a) Authorised capital
 - b) subscribed capital
 - c) paid up capital
 - d) called up capital
3. A company holding more than 50% equity shares of another company is called.....
 - a) Holding company
 - b) Subsidiary company
 - c) Associate company
 - d) Venture Company
4. The percentage of profit to be transferred the statutory reserve every year by a banking company is.....
 - a) 10%
 - b) 15%
 - c) 20%
 - d) 25%
5. Insurance business in India is regulated by.....
 - a) SEBI
 - b) IRDA
 - c) IDBI
 - d) RBI

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES.**(K2)**

6. Write a brief note on “Purchase Consideration”
7. Define bonus share.
8. Write a short note on “Minority Interest”
9. What is human resource accounting?
10. Show the meaning of “Surrender Value”?

(CONTD.....2)

SECTION – B**(5 X 3 = 15 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.****(K3)**

11. a) S Ltd., was taken over by R Ltd. The following position was mutually agreed upon

| Particulars | S Ltd. | R Ltd. |
|---------------------|-----------------|---------------|
| No. of. Shares | Rs. 60,000 | Rs. 90,000 |
| Face Value of Share | Rs. 100 | Rs. 10 |
| Net Assets | Rs. 3,60,00,000 | Rs. 72,00,000 |

Ascertain intrinsic values of the shares, ratio of exchange of shares and Number of shares to be issued

(OR)

- (b) Lee Ltd., agreed to absorb Bee Ltd by paying Rs.10,00,000 to the shareholders. In addition they agreed to settle 1,000. 8% debentures of Rs.100 each in Bee Ltd. at 20% premium by issuing their own debentures of Rs. 100 each at 96%. Ascertain the face value and actual value of debentures to be issued.

12. a) List out the advantages of issue of Bonus Shares.

(OR)

- (b) From the following particular, determine the maximum remuneration available to a full time director of a manufacturing company. The profit and loss account of the company showed a net profit of Rs. 40,00,000 after taking into account the following items:

1. Depreciation (including special depn. of Rs. 40,000) Rs. 1,00,000
2. Provision for income tax Rs. 2,00,000
3. Donation to political parties Rs. 50,000
4. Ex – gratia payment to a worker Rs. 10,000
5. Capital profit on sale of assets Rs. 15,000

13. (a) X Ltd Purchased 60% shares of Y Ltd on 1-1-02 when the balance on their P & L a/c and General reserve were Rs.1,50,000 and Rs.1,60,000 respectively. On 31-12-02, the balance sheet of Y Ltd. showed P & L a/c balance of Rs.4,00,000 and General reserve Rs.3,00,000. Calculate capital profits and Revenue profits.

(OR)

- (b) A subsidiary company has a capital of Rs.5,00,000 in shares of Rs.100 each out of which the holding company acquired 80% of the shares at Rs.6,00,000. The profits of the subsidiary Co., On the date of acquisition of shares by the holding Co., were Rs.3,00,000. Calculate the value of goodwill or capital reserve.

(CONTD.....3)

14. a) On 31st March 1998, Bharat Commercial Bank Ltd., finds its advances classified as follows:

| | | |
|----------------------------------|-----|-----------|
| Standard Assets | Rs. | 14,91,300 |
| Sub-Standard Assets | Rs. | 92,800 |
| Doubtful Assets (Secured) | | |
| Doubtful for one year | Rs. | 25,660 |
| Doubtful for one year to 3 years | Rs. | 15,640 |
| Doubtful for more than 3 years | Rs. | 6,580 |
| Loss Assets | Rs. | 10,350 |

Calculate the amount of provision to be made by the bank against the above mentioned advances.

(OR)

- b) State briefly the objectives of Human Resource Accounting.
15. a) A Life Insurance 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.
- Interest accrued on investments Rs. 39,000;
Income tax liable to be deducted thereon is estimated to be Rs.10,500.
 - Outstanding Premiums Rs.32,800
 - Bonus utilised for reduction of premium Rs.6,750
 - Claims intimated but not admitted Rs. 17,400
 - Claims covered under reinsurance Rs. 6,500

What is the true Life Assurance Fund?

(OR)

- (b) From the following, you are required to calculate the amount on account of claim to be shown in the revenue A/c for the year ending 31st March 2006.

| Intimated In | Admitted In | Paid In | Rs. |
|--------------|-------------|-----------|----------|
| 2004 – 05 | 2004 – 05 | 2005 – 06 | 15,000 |
| 2005 – 06 | 2005 – 06 | 2006 – 07 | 10,000 |
| 2003 – 04 | 2004 – 05 | 2004 – 05 | 5,000 |
| 2003 – 04 | 2004 – 05 | 2005 – 06 | 12,000 |
| 2005 – 06 | 2006 – 07 | 2006 – 07 | 8,000 |
| 2005 – 06 | 2005 – 06 | 2005 – 06 | 1,02,000 |

Claim on account of reinsurance in 2005-06 was Rs. 25,000

(CONTD.....4)

SECTION – C**(5 X 5 = 25 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.****(K4 (Or) K5)**

16. a) S Ltd., was taken over by R Ltd. The following position was mutually agreed upon

| Particulars | S Ltd. | R Ltd. |
|---------------------|-----------------|---------------|
| No. of. Shares | Rs. 60,000 | Rs. 90,000 |
| Face Value of Share | Rs. 100 | Rs.10 |
| Net Assets | Rs. 3,60,00,000 | Rs. 72,00,000 |

Ascertain intrinsic values of the shares, ratio of exchange of shares and
Number of shares to be issued

(OR)

- b) Distinguish between Amalgamation and Absorption

17. a) A Ltd. was registered with an authorized capital of Rs. 6,00,000 in equity shares of Rs. 10 each. The following is its trial balance on 31st march 2013

| Debit balance | Amount | Credit balance | Amount |
|-------------------------|------------------|-------------------------|------------------|
| Goodwill | 25,000 | Share capital | 4,00,000 |
| Cash | 750 | 12% debentures | 3,00,000 |
| Bank | 39,900 | Profit & loss a/c | 26,250 |
| Purchases | 1,85,000 | Sales | 4,15,000 |
| Preliminary expenses | 5,000 | Bills payable | 37,000 |
| Calls in arrears | 7,500 | Sundry creditors | 40,000 |
| Premises | 3,00,000 | General reserves | 25,000 |
| Plant & machinery | 3,30,000 | Provision for bad debts | 3,500 |
| Interim dividend | 39,250 | | |
| Stock on 1.4.12 | 75,000 | | |
| Furniture & fixtures | 7,200 | | |
| Sundry debtors | 87,000 | | |
| Wages | 84,865 | | |
| General expenses | 6,835 | | |
| Freight & carriage | 13,115 | | |
| Salaries | 14,500 | | |
| Director fees | 5,725 | | |
| Bad debts | 2,110 | | |
| Debenture interest paid | 18,000 | | |
| | 12,46,750 | | 12,46,750 |

Prepare statement of profit and loss and balance sheet in revised format as per
schedule VI after making the following adjustments

- Depreciation plant and machinery by 15%
- Write off preliminary expenses
- Provide for 6 months interest on debentures
- Leave bad and doubtful debts provision at 5% on sundry debtors
- Provide for income tax at 50%
- Stock on 31.3.13 was Rs. 95,000
- Provide for corporate dividend tax @ 17%.

(CONTD.....5)

(OR)

- b) Determine the maximum remuneration payable to the part time director and manager of B Ltd. (a manufacturing company) under section 309 and 387 of the companies act from the following particulars:

Before charging any such remuneration, the profit and loss account showed a credit balance of Rs. 46,20,000 for the year ended 31st March 2015 after taking into account the following information

| Particulars | Amount |
|--------------------------------------|-----------|
| Capital expenditure | 5,25,000 |
| Subsidy received from government | 4,20,000 |
| Special depreciation | 70,000 |
| Multiple shift allowance | 1,05,000 |
| Bonus to foreign technicians | 3,15,000 |
| Provision for taxation | 28,00,000 |
| Compensation paid to injured workman | 70,000 |
| E – gratia to an employee | 35,000 |
| Loss on sale of fixed assets | 70,000 |
| Profit on sale of investments | 2,10,000 |

18. a) Prepare Consolidated Balance sheet

| Liabilities | H | S | Assets | H | S |
|---------------------|-------------|-------------|-------------------------|-------------|-------------|
| Share capital | | | Sundry assets | 885 | 1510 |
| Shares of Rs.1 each | 1,400 | 1,000 | Investment of Shares in | | |
| Creditors | 350 | 190 | S Ltd 900 shares | 1,125 | -- |
| Profit and Loss | 260 | 320 | | | |
| | 2010 | 1510 | | 2010 | 1510 |

On the date of acquisition of shares by H Ltd in S Ltd in the credit balance on latter's profit and loss account was Rs.220. No dividend have been declared since that date.

(OR)

- b) The following is the Balance sheet of KS Ltd. as on 31st March, 2010.

| Liabilities | Rs. | Assets | Rs. |
|-----------------------------------|-----------------|----------------------|-----------------|
| Share capital | | Fixed Assets | 2,90,000 |
| Equity shares of Rs. 10 Each | 2,70,000 | Investment | 2,75,000 |
| General Reserve Profit & Loss A/c | 3,60,000 | Current Assets | 1,30,000 |
| Current liabilities | 85,000 | Preliminary Expenses | 20,000 |
| | 7,15,000 | | 7,15,000 |

H Ltd. acquired 25,000 shares in S Ltd. on 31st March, 2010 at a cost of Rs. 2,75,000. fixed assets were revalued at Rs. 3,28,000. find minority interest.

19. a) On 31st December 1986. The following balances stood in the books of Asian Bank Ltd., after preparation of its Profit and loss Account.

| Particulars | Amount (Rs.' 000) |
|---|-------------------|
| Share Capital: Issued and Subscribed | 4,000 |
| Reserve Fund (under Sec 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 1986 | 1,350 |
| Dividend for 1985 | 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 overdrafts | 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 1986 | 1,550 |

Prepare Balance Sheet of the bank as on 31st December 1986.

(OR)

- b) Enumerate in detail the various methods of valuation of human resource accounting.
20. a) From the following balances extracted from the books of the LIC as at 31.03.06, prepare a Revenue A/c for the year ending 31.3.2006 in the prescribed form:

(CONTD.....7)

| Particulars | Rs. (in'000) | Particulars | Rs. (in'000) |
|-------------------------------------|-----------------|---|--------------|
| Claims by death | 3,30,000 | Life Assurance fund (1.4.05) | 63,31,000 |
| Claims by maturity | 2,15,000 | Premiums | 20,65,000 |
| Agents and Canvasser's allowance | 26,500 | Bonus in reduction of premiums | 1,000 |
| Salaries | 44,200 | Income tax on interest and dividends | 5,700 |
| Travelling Expenses | 1,200 | Printing & Stationery | 13,900 |
| Directors' Fees | 8,700 | Postage & Telegrams | 14,300 |
| Auditor's Fees | 1,000 | Receipt Stamps | 2,300 |
| Medical Fees | 52,000 | Reinsurance Premiums | 40,950 |
| Commission | 2,18,000 | Interest & Dividend (Gross) | 2,72,000 |
| Rent | 2,800 | Policy Renewal Fees | 9,600 |
| Law Charges | 200 | Assignment Fees | 540 |
| Advertising | 4,300 | Endowment Fees | 690 |
| Bank Charges | 1,500 | Transfer Fees | 1,400 |
| General Charges | 2,000 | | |
| Surrenders | 47,500 | | |

Provide Rs. 1,500 thousands for depreciation of furniture and Rs. 2,20,000 thousands for depreciation on investments.

(OR)

- b) From the following, you are required to calculate the loss on account of claim to be shown in the revenue A/c for the year ending 31st March 2006.

| Intimated In | Admitted In | Paid In | Rs. |
|--------------|-------------|-----------|----------|
| 2004 – 05 | 2004 - 05 | 2005 - 06 | 45,000 |
| 2005 – 06 | 2005 - 06 | 2006 - 07 | 30,000 |
| 2003 – 04 | 2004 - 05 | 2004 - 05 | 15,000 |
| 2003 – 04 | 2004 - 05 | 2005 - 06 | 36,000 |
| 2005 – 06 | 2006 - 07 | 2006 - 07 | 24,000 |
| 2005 – 06 | 2005 - 06 | 2005 - 06 | 3,06,000 |

Claim on account of reinsurance was Rs. 75,000
