

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)

12. a) 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)

15. a) State briefly the objectives of Human Resource Accounting.

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.

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 utilised 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) 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 S Ltd 900 shares		
Creditors	350	190		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
