

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

MCom(CS) DEGREE EXAMINATION DECEMBER 2023  
(First Semester)

Branch - CORPORATE SECRETARYSHIP

ADVANCED CORPORATE ACCOUNTING - I

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	If a share of ₹10, on which ₹8 has been called and ₹5 has been received is forfeited share capital a/c in this case which will be debited with: a) 2    b) 5    c) 8    d) 10	K1	CO1
	2	Interest at _____ is charged on calls in arrears according to Table- A of companies Act: a) 9%    b) 3%    c) 5%    d) 12%	K2	CO1
2	3	Profit prior to incorporation should be credited to: a) Goodwill a/c b) Revenue Reserve a/c c) Capital Reserve a/c d) None of the above	K1	CO2
	4	Gross profit is to be appropriate between Pre and Post incorporation periods in: a) Time Ratio b) Adjusted time ratio c) Sale ratio d) None of these	K2	CO2
3	5	Accounting standard for Amalgamations is a) AS- 8    b) AS- 14    c) AS- 20    d) AS-3	K1	CO3
	6	Pooling of interest method is used to account for amalgamations in the nature of: a) Purchase b) Sale c) Merger d) None of these	K2	CO3
4	7	Provision for income tax is shown in the bank accounts under the head: a) Borrowings b) Operating expenses c) Other liabilities d) Contingent Liabilities	K1	CO4
	8	The percentage of profit to be transferred to statements reserve by the banking company is: a) 25%    b) 20%    c) 15%    d) 10%	K2	CO4
5	9	Claims paid by insurance companies is shown in: a) Schedule- 1 b) Schedule- 2 c) Schedule- 3 d) Schedule- 4	K1	CO5
	10	The percentage of profit of life business to be distributed to policy holders is: a) 95%    b) 100%    c) 50%    d) 75%	K2	CO5

Cont...

**SECTION - B (35 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks

(5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Pallav Ltd., has a share capital of ₹50,000 equity shares of ₹100 each. Market value is ₹250 per share. The company decides to make a right issue to the existing shareholders in proportion of one new right share of ₹100 at a premium of ₹30 per share. Calculate the value of right.	K2	CO1
		(OR)		
	11.b.	Ambassadors Ltd., issued 2,000 shares of ₹ 100 each at a premium of 10% payable as follows: ₹ 25 on application, ₹ 35 on allotment (including premium), ₹ 20 on first call, ₹ 30 on final call. 1,800 shares were applied for and allotted. All the money was received with the exception of first and final calls on 200 shares held by Raghu. These shares were forfeited. Give journal entries and prepare balance sheet.		
2	12.a.	A company was incorporated on 1-2-98 to purchase the business of Abdul Kalam & Sons, as from 1st November 1997. There were 10 employees before incorporation but 5 more were appointed on 1-2-98. You are required to ascertain the weighted time ratio for dividing salaries between the pre and post incorporation periods, assuming that the accounts are finalized on 31st October.	K3	CO2
		(OR)		
	12.b.	Pankajam Mills Ltd., was incorporated on 31st July 1977 to purchase the business of Hemalatha & Co., as on 1st April 1977. The books of accounts disclosed the following on 31st March 1978. (1) Sales for the year ₹ 32,10,400 (1st April to 31st July '77 ₹ 8,02,600; 1st July '77 to 31st March 1978 ₹ 24,07,800). (2) Gross profit for the year ₹ 4,12,800; Managing Directors' salary ₹ 12,000; Preliminary expenses written off ₹ 18,000. Company Secretary's salary ₹ 58,000. (3) Bad debts written off ₹ 14,890 (prior to 31st July ₹ 4,020, after 31st July ₹ 10,870) (4) Depreciation on machinery ₹ 25,200; general expenses ₹ 51,000; Advertising ₹ 7,400; Interest on debentures ₹ 20,000. You are required to prepare a statement apportioning properly the net profit of the company as between (a) Profits available for distribution; (b) Profits prior to incorporation.		
3	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 shares in Spring Field Ltd., which were 40,000 in number. You are required to find out the purchase consideration.	K3	CO3
		(OR)		
	13.b.	Compare pooling of interest method and purchase method.		

4	14.a.	On 31 <sup>st</sup> March, 2018 a bank held the following bills, discounted by it earlier																								
		<table border="1"> <thead> <tr> <th>Date of Bill 2018</th> <th>Terms of bill (month)</th> <th>Discounted @ % p.a.</th> <th>Amount of bill</th> </tr> </thead> <tbody> <tr> <td>January, 17</td> <td>4</td> <td>17</td> <td>7,30,000</td> </tr> <tr> <td>February, 7</td> <td>3</td> <td>18</td> <td>14,60,000</td> </tr> <tr> <td>June, 7</td> <td>3</td> <td>17.5</td> <td>3,64,000</td> </tr> </tbody> </table> <p>You are required to calculate the rebate on bills discounted. Also show the necessary journal entry for the rebate.</p>	Date of Bill 2018	Terms of bill (month)	Discounted @ % p.a.	Amount of bill	January, 17	4	17	7,30,000	February, 7	3	18	14,60,000	June, 7	3	17.5	3,64,000								
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	14.b.	On 31.12.96 Popular Bank Ltd., has the following bills in its portfolio. All the bills are discounted @5%.																								
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5	15.a.	The following information given below; you are required to find out the amount to be appropriated for reserve for unexpired risk in fire insurance: Premium received during the year ended 31.03.06- ₹12,00,000 Reinsurance premiums- ₹3,00,000 Bonus in reduction of Premium- ₹50,000 (not yet adjusted in premiums)																								
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	15.b.	From the following figures appearing in the books of Fire Insurance division of a General company, show the amount of claim as it would appear in revenue account, by preparing schedule 2, claims incurred.																								
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**SECTION -C (30 Marks)**

Answer ANY THREE questions

ALL questions carry EQUAL Marks

(3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Super star Limited issued a prospectus inviting applications for 50,000 equity share of ₹ 10 each, payable ₹ 5 on application (including ₹ 2 as premium) ₹ 4 on allotment and the balance towards first and final call. Applications were received for 65,000 shares. Application money received on 5,000 shares was refunded with letters of regret and allotments were made pro rata to the applicants of 60,000 shares. Money overpaid on applications including premium was adjusted on account of sums due on allotment. Mr. Satish to whom 700 shares were allotted failed to pay the allotment money and his shares were forfeited by the directors on his subsequent failure to pay the call money. All the forfeited shares were subsequently sold to Mr. Jagan credited as fully paid for ₹ 9 per share. You are required to set out the journal entries and the relevant entries in the cash book.	K4	CO1

Cont...

2	17	The following is the summarized balance sheet of Reckless Co. Ltd., as at 31st March, 2007.				K4	CO2																																																	
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3	18	Ram Ltd., and Shyam Ltd., have agreed to amalgamate. A new company Rajesh Ltd., has been formed to take over the combined concern as on 31 <sup>st</sup> December 1998. After negotiations, the assets of two companies have been agreed upon as shown below:				K5	CO3																																																	
		<table border="1"> <thead> <tr> <th>Liabilities</th> <th>Ram Ltd., ('000)</th> <th>Shyam Ltd., ('000)</th> <th>Assets</th> <th>Ram Ltd., ('000)</th> <th>Shyam Ltd., ('000)</th> </tr> </thead> <tbody> <tr> <td>Share Capital:</td> <td></td> <td></td> <td>Land &amp; Buildings</td> <td>500</td> <td>300</td> </tr> <tr> <td>Shares of ₹10 each</td> <td>1000</td> <td>500</td> <td>Plant &amp; Machinery</td> <td>200</td> <td>250</td> </tr> <tr> <td>Reserve Fund</td> <td>-</td> <td>50</td> <td>Goodwill</td> <td>-</td> <td>50</td> </tr> <tr> <td>P&amp;L A/c</td> <td>50,000</td> <td>50</td> <td>Furniture</td> <td>110</td> <td>-</td> </tr> <tr> <td>Creditors</td> <td>80,000</td> <td>50</td> <td>Stock</td> <td>150</td> <td>20</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Debtors</td> <td>120</td> <td>20</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Bank</td> <td>50</td> <td>10</td> </tr> <tr> <td></td> <td>1130</td> <td>650</td> <td></td> <td>1130</td> <td>650</td> </tr> </tbody> </table>	Liabilities	Ram Ltd., ('000)	Shyam Ltd., ('000)			Assets	Ram Ltd., ('000)	Shyam Ltd., ('000)	Share Capital:			Land & Buildings	500	300	Shares of ₹10 each	1000	500	Plant & Machinery	200	250	Reserve Fund	-	50	Goodwill	-	50	P&L A/c	50,000	50	Furniture	110	-	Creditors	80,000	50	Stock	150	20				Debtors	120	20				Bank	50	10		1130	650	
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4	19	From the following you are required to prepare profit and loss account and the balance sheet of Canara Bank Ltd., as on 31.12.2021 according to Banking Regulations Act, 1949. Trial Balance as on 31.12.2021				K5	CO4																																																	
		<table border="1"> <thead> <tr> <th></th> <th>Rs. In ('000)</th> <th>Rs. In ('000)</th> </tr> </thead> <tbody> <tr> <td>Issued capital: 20,000 shares of Rs. 100 each</td> <td>-</td> <td>2,000</td> </tr> <tr> <td>Money at call and short notice</td> <td>800</td> <td>-</td> </tr> <tr> <td>Reserve fund</td> <td>-</td> <td>700</td> </tr> <tr> <td>Cash in hand</td> <td>650</td> <td>-</td> </tr> <tr> <td>Deposits</td> <td>-</td> <td>2500</td> </tr> <tr> <td>Cash at bank</td> <td>950</td> <td>-</td> </tr> <tr> <td>Borrowing from SBI</td> <td>-</td> <td>500</td> </tr> <tr> <td>Investments in govt securities</td> <td>900</td> <td>-</td> </tr> <tr> <td>Secured loans</td> <td>1500</td> <td>-</td> </tr> <tr> <td>Cash credits</td> <td>500</td> <td>-</td> </tr> <tr> <td>Premises less depreciation</td> <td>580</td> <td>-</td> </tr> <tr> <td>Furniture less depreciation</td> <td>120</td> <td>-</td> </tr> <tr> <td>Rent</td> <td>5</td> <td>60</td> </tr> </tbody> </table>		Rs. In ('000)	Rs. In ('000)			Issued capital: 20,000 shares of Rs. 100 each	-	2,000	Money at call and short notice	800	-	Reserve fund	-	700	Cash in hand	650	-	Deposits	-	2500	Cash at bank	950	-	Borrowing from SBI	-	500	Investments in govt securities	900	-	Secured loans	1500	-	Cash credits	500	-	Premises less depreciation	580	-	Furniture less depreciation	120	-	Rent	5	60										
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19. Cont...

		Interest and discount	-	800			
		Commission and brokerage	-	70			
		Interest paid on deposits	300	-			
		Salary and allowances paid to staff	150	-			
		Interest paid on borrowings	50	-			
		Audit fees	10	-			
		Director's fees	8	-			
		Non- banking assets	80	-		K5 CO4	
		Depreciation on bank's property	13	-			
		Printing	3	-			
		Advertisement	1	-			
		Stationery	5	-			
		Postage and telegrams	2	-			
		Other expenses	3	-			
			<b>6630</b>	<b>6630</b>			
		From the following balances of Asian General Insurance Company Ltd., on 31st March 2006, prepare,					
		(a) Fire revenue A/c (b) Marine revenue A/c					
		(c) Profit & Loss A/c					
				(Rs. '000)			
		Bonus in reduction of premium (Fire)		2,000			
		Additional reserve on 1.4.2005 (Fire)		50,000			
		Commission on reinsurance accepted (Fire)		10,000			
		Commission on reinsurance ceded (Fire)		30,000			
			(Marine)	60,000			
		Management expenses: (Fire)		1,45,000			
			(Marine)	4,00,000			
		Premium less reinsurance: (Fire)		6,00,000			
			(Marine)	10,80,000			
		Profit on sale of land		60,000			
		Miscellaneous receipts		5,300			
		Interest, dividend received		14,000			
		Depreciation		35,000			
		Commission paid: (Fire)		90,000			
			(Marine)	1,08,000			
		Claims paid and outstanding (Marine)		3,80,000			
		Claims outstanding (Fire)		10,000			
		Claims paid (Fire)		1,80,000			
		Marine fund (1.4.2005)		8,20,000			
		Fire fund (1.4.2005)		2,50,000			
		Bad debts recovered		1,200			
		Share transfer Fees		800			
		Directors' fees		5000			
		Auditors' fees		1,200			
		Bad debts: Fire		5,000			
		Marine		12,000			
5	20					K5 CO5	

Z-Z-Z

END