

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2024
(Fifth Semester)

Branch – CORPORATE SECRETARYSHIP

CORPORATE ACCOUNTING - II

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions
ALL questions carry EQUAL marks (5 x 1 = 5)

- 1 ----- is the accounting standard for disclosure of Accounting Policies.
(i) AS- 1 (ii) AS- 11 (iii) AS- 111 (iv) AS - 21
- 2 An asset which does not generate income to the banker is termed as
(i) performing asset (ii) Fixed Asset
(iii) Non performing asset (iv) Current Asset
- 3 Claims paid by the life insurance companies is shown in _____
(i) Schedule 1 (ii) Schedule 2 (iii) Schedule 3 (iv) Schedule 4
- 4 Profits made by the subsidiary company after the date of purchase of shares by the holding company are known as _____
(i) Realisation Profit (ii) Revaluation Profit
(iii) Capital Profit (iv) Revenue Profit
- 5 A Contributory is a _____
(i) Unsecured Creditor (ii) Preferential Creditor
(iii) Shareholder (iv) Debenture holder

SECTION - B (15 Marks)

Answer ALL Questions
ALL Questions Carry EQUAL Marks (5 x 3 = 15)

- 6 a Sketch any two accounting standards for Fixed Asset.
OR
b Outline any two scope of Accounting Standards.
- 7 a On 31st December 1991 the loan ledger in the books of a bank showed a debit balance of Rs. 2,00,000 due from a merchant which is doubtful. The interest accrued on the loan upto 31st December 1991 was Rs 20,000 the merchant became insolvent and the official receiver paid a dividend of Re.0.75 in the rupee on 31st January 1992. Pass the necessary journal entries in the books of the bank on 31st December 1991 and 31st Jan and prepare necessary ledger.
OR
b Give the format of Profit and Loss A/C of Banking Companies Act.
- 8 a The revenue account of Life Insurance Company showed a balance of Rs.25,00,000 at the end of 2005-2006 before considering the following items:
1 Bonus in reduction of premium Rs.8,000 2 Outstanding claim Rs.8,000
3 Premium of Rs.1000 is payable under re-insurance
4 Reinsurance Recoveries Rs.30,000 5 Claims Intimated but not admitted Rs.15,000
6 Agent commission Rs.6,000
Pass necessary adjustment entries.
OR
b The revenue account of Life Insurance Company showed a balance of Rs.48,78,000 at the end of 2005-2006 before considering the following items:
1 Bonus in reduction of premium Rs.6,500
2 Outstanding premium Rs.18,000
3 Interest accrued on Investment Rs.19,500
4 Claims Intimated but not admitted Rs.65,500
5 Claims covered under re-insurance Rs.27,000
Pass necessary adjustment entries.

Cont...

- 9 a The following balance sheets are given as on 30.6.87

Liabilities	M.Co.Rs	S.Co.Rs	Assets	M.Co.Rs	S.Co.Rs
Share Capital 12,000 shares 3,000 shares	1,20,000 -----	 30,000	Buildings	72,000	25,000
Creditors	15,000	5,000	Machinery	30,000	10,000
Reserve	25,000	6,000	Stock	18,000	3,000
Profit & Loss	12,000	9,000	Debtors	22,000	7,000
	1,72,000	50,000	Bank	5,000	5,000
			Shares in S Co. 2,000 Shares	25,000	
	1,72,000	50,000		1,72,000	50,000

At the date of acquisition by M Co., S Co. had undistributed profits amounting to Rs.5, 000, none of which has been distributed since the date of acquisition. Prepare consolidated Balance Sheet.

OR

- b The balance sheets of C Ltd. And D Ltd as at 31st December 1986 is 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
General reserve	18,000	20,000	Goodwill	-----	20,000
Profit & loss	24,500	23,000	Shares in D Ltd.at cost	1,00,000	-----
Creditors	30,000	15,200			
	2,72,500	1,58,200		2,72,500	1,58,200

In case of D ltd., Profits for the year ended 31st December 1986 is Rs. 12,000 and transfer to reserve in Rs.5, 000. The holding of C ltd., in D ltd is 90% acquired on 30th June 1986. Draft a consolidated Balance Sheet of C Ltd., and its subsidiary.

- 10 a Brief out a note on 'Contributory'.

OR

- b Solve the amount payable in equity shareholders from the following particulars.
12,000 Equity shares of Rs.10 each fully paid Rs.1,20,000
8,000 Equity shares of Rs.10 each Rs.7 paid up Rs.42,000
Amount available for equity shareholders Rs.1,08,000

SECTION -C (30 Marks)

Answer any **Three** questions

ALL questions carry **EQUAL** Marks

(3 x 10 = 30)

- 11 Enumerate the provisions for disclosure of Accounting Policies.
- 12 Prepare the Profit and Loss a/c of Goodluck Bank Ltd., for the year ended 31.12.1988 for the following particulars (Rs '000)
- | | |
|---|-----|
| Interest on Loans | 250 |
| Interest on savings account | 150 |
| Interest on cash credits | 160 |
| Interest on fixed deposits | 190 |
| Interest on overdrafts | 150 |
| Amount charged against current accounts | 20 |
| Rebate on Bills discounted | 19 |
| Establishment expenses | 120 |
| Discount on bills discounted | 40 |
| Rent | 5 |
| Dearness allowances | 35 |
| Commission, exchange and discount | 15 |
| Managing director salary | 15 |
| Contribution to provident fund | 10 |
- Bad debts to be written off amounted to Rs 20,000 and provision for taxation may be at 55%.

Cont...

- 13 Infer from the following balances are extracted from the books of a Life Insurance business as on 31st March 2006
- | | Rs (,000) |
|-------------------------------------|-----------|
| Life Assurance Fund as on 1.4.05 | 5,06,000 |
| Premium | 90,000 |
| Reinsurance premium paid | 2075 |
| Fines for revival of policies | 15 |
| Consideration for annuities granted | 1500 |
| Management expenses | 21,000 |
| Income tax | 850 |
| Commission | 18,650 |
| Claims | 40,000 |
| Interest, dividend etc | 20,000 |
| Surrenders | 3250 |
| Medical Fees | 1,500 |
| Annuities | 1505 |
| Bonus in cash | 600 |
- Prepare the Revenue A/c for the year 2005-06 after making the following adjustments:
- (a) Claim payable 9250 (b) Interest accrued on Investment 2695
 (c) Medical fees outstanding 375 (d) Outstanding premium 3750
 (e) Commission payable 750
 (f) A claim of Rs 500 included in the above claim payable is to be written off
 (d) The managing Director is to paid at the rate of 5% on the net increase of Life Assurance Fund before providing such commission.

- 14 Discover the consolidated balance sheet on 31st March 1996 the balance sheet of H Ltd., and its subsidiary S Ltd stood as follows:

Balance sheet as on 31.12.1992

Liabilities	H ltd.,	S Ltd.,	Asset	H Ltd.,	S Ltd.,
Equity share capital	8,00,000	2,00,000	Fixed Asset	5,50,000	1,00,000
General Reserve	1,50,000	70,000	75% shares in S Ltd	2,80,000	-
Profit & Loss a/c	90,000	55,000	Stock	1,05,000	1,77,000
Creditors	1,20,000	80,000	Other Current Asset	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 1996 after taking into account

- (a) H Ltd., acquired the shares on 31 July 1995
 (b) S Ltd., earned profit of Rs 45,000 for the year ended 31st March 1996
 (c) In Jan 1996 S Ltd sold to H Ltd., goods costing Rs 15,000 for Rs 20,000 On 31st March 1996 half of these goods were lying as unsold in the godown of H Ltd.,
- 15 Summarize from the following particulars relate to a limited company which has gone into voluntary liquidation. You are required to prepare liquidators final account allowing for his remuneration @ 3% on the amount realized and 2.5 % on the amount paid to unsecured creditors.
- 5,000 preference shares of Rs 100 each fully paid
 30,000 equity shares of Rs 10 each fully paid
 12,000 equity shares of Rs 10 each Rs 8 paid up
 Assets realized Rs 9,24,000 excluding amount realized by sale of securities held by the secured creditors.
 Preferential creditors 24,000
 Unsecured creditor (security realized Rs 1,62,000) 1,38,000
 Debentures having a floating charge on assets 3,00,000
 Expenses of liquidation amounted to Rs 9,000
 A call of Rs 2 per share on the partly paid equity equity shares was duly paid except in case of one shareholder owning 1,200 shares.

Z-Z-Z

END

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BCom DEGREE EXAMINATION DECEMBER 2024
(Fourth Semester)

Branch – CORPORATE SECRETARYSHIP

CORPORATE ACCOUNTING - I

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

1. Preference shareholders are
(a) Creditors of the company (b) Owners of the company
(c) Customers of the company (d) Debtors of the company
2. Goodwill of a joint stock company is shown on the asset side under the heading of :
(a) Fixed assets (b) Current assets
(c) Investment (d) Miscellaneous Expenditure
3. For writing off the accumulated losses under the scheme of capital reduction we debit
(a) Share Capital Account (b) Accumulated Loss Account
(c) Capital Reduction Account (d) Profit & Loss Account
4. The method to be followed in case of amalgamation in the nature of merger is:
(a) Purchase method (b) Polling of Interest Method
(c) Absorption Method (d) Consolidated Method
5. Under net asset method, value of a Share depends on
(a) Net Asset available to equity shareholders
(b) Net Asset available to debenture holders
(c) Net Asset available to preference shareholders
(d) All the above

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

6. (a) A company on 31st March 2012 redeemed Rs. 10,000 6% debentures out of capital by drawing a lot. Similarly, the company on 31st March 2013 redeemed Rs. 15,000 6% debentures out of profits by drawing a lot. You are required to pass journal entries in the books of a company.
(OR)
(b) On 1-4-2019, P Ltd. issued 14% debentures of Rs. 100 each at a discount of 10% repayable in 4 years by annual equal installments.
(i) Give journal entries on the date of issue. (ii) Show 14% Debentures Account.
7. (a) For the year ended 31st March 2012 Provision for Income Tax has been made for Rs. 50,00,000. Advance payment of tax for that year amounted to Rs. 45,00,000 and tax deducted at source on income earned by the company amounted to Rs. 46,000. On November 15, 2012 the assessment was completed and tax Liability was determined at Rs. 58,40,000. Advance payment of tax for the year ending 31st March 2013 was Rs. 62,00,000. Show the necessary accounts assuming Rs. 70,00,000 provision for taxation for the year ending 31st March 2013.
(OR)
(b) A company had purchased a business on 1-1-2012. The company received its certificates of incorporation on 1-6-2012. The average monthly sale for the period before incorporation was 25% more than the average monthly sales for the period after Incorporation. The total sale during the year was Rs. 13,25,000. Find out the pre incorporation and post incorporation sales.

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8. (a) A company has a paid up share capital of Rs 6,40,000 divided into equity shares of Rs 10 each. Rs 8 per share paid up. The Profit and Loss Account shows a credit balance of Rs 2, 80,000 .The company decides to reduce paid up share capital Rs. 2 paid up by paying of the necessary amount out of accumulated profits. Pass appropriate journal entries.
- (OR)
- (b) X Ltd. having a share capital of Rs 5,00,000 divided into 5,000 shares of Rs. 100 each, resolves to consolidate the shares into 50 000 shares of Rs. 10 each. X Ltd. resolves to convert its 50,000 equity shares of Rs 10 each fully paid into Rs 5, 00,000 worth of equity stock. Pass necessary journal entries.
- 9 (a) Strong Ltd. takes over Weak Ltd. in pursuance of a scheme of amalgamation and it was agreed that the shareholders of Weak Ltd must be issued shares in Strong Ltd. and the exchange is to be determined on the basis of the intrinsic values of the shares of the two companies concerned. The capital of Weak Ltd. comprises 1, 00,000 equity shares of Rs 10 each.
The intrinsic values were, Strong Ltd Rs. 40 and Weak Ltd Rs. 25.
In allotment fractional shares are aggregate to 500.
The market value of the Share of Strong Ltd. was Rs.60.
You are required to compute the Purchase Consideration payable to Weak Ltd.
- (OR)
- (b) List the disclosure requirements of AS- 14.
- 10 (a) From the following particulars, calculate the value of an equity share:
i) 2000 9% preference shares of Rs 100 each Rs 2, 00,000
ii) 50,000 Equity shares of Rs 10 each Rs 8 per share paid up Rs.4,00,000
iii,)Expected profit per year before tax Rs 2,18,000
iv)Rate of tax Rs.40%
v) Transfer to general reserve every year 20% of profit
vi) Normal rate of earning 15%.
- (OR)
- (b) The following particulars or available in relation to X Limited
i) Capital : 450 6% preference share of Rs. 100 each fully paid and 4,500 equity shares of Rs. 10 each fully paid
ii) External liabilities Rs. 7,500
iii) Reserve and surplus Rs. 3,500
iv) The average expected profit (after taxation) earned by the company Rs. 8,500
v) The normal profit earned on the market value of equity share (fully paid) of the same type of companies is 9% .
vi) 10% of the profits after tax each is transferred to reserves.
Calculate the intrinsic value per equity share and the value per equity share according to dividend yield basis. Assume that out of total assets, assets worth Rs. 350 are fictitious.

SECTION -C (30 Marks)

Answer ANY THREE questions

ALL questions carry EQUAL Marks

(3 x 10 = 30)

11. On 1st October 2010, a company issued 2000 6% Debentures of Rs 100 each. The interest is payable on 30th September and 31st March every year. The company is allowed to purchase its own debentures which may be cancelled or kept or reissued at the company's option. The company made the following purchases by cheque in the open market:
On 31st August 2011- 200 @Rs 98 ex interest.
On 31st December 2012 -100 @Rs 97 cum interest
The debentures which were purchased on 31st August 2011 were cancelled on 31st March 2013 all payments were made on due dates.
To record the above transaction (including receipts and payments) and also the relevant items in the balance sheet on 31st March 2013.

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12. Subhash Ltd. was incorporated on 1st July 2011 and received its certificate of commencement of business on 1st August 2011 the company bought the business of S&Co. with effect from 1st March 2011 from the following figures related to the year ending March 2012.
Find out the profits available for dividends.
(i) Sales for the year were Rs 6,00,000 out of which sales up to 1st March was RS.2,50,000
(ii) Gross Profit for the year was Rs 80,000.
(iii) The expenses debited to the profit and loss account were:
- Rent 9,000
 - Salaries 15,000
 - Directors fees 4,800
 - Interest on debentures 5,000
 - Audit Fees 1,500
 - Discount on sales 3,600
 - Depreciation 24,000
 - General Expenses 4,800
 - Advertising 18,000
 - Stationery and Printing 3,600
 - Commission on Sales 6,000
 - Bad debts (Rs. 500 relate to debts created prior to Incorporation)1,500
 - Interest to vendors on purchase consideration up to 1st September 2011 3,000

13. Illustrate with an example for the accounting entries on Internal Reconstruction.

14. A Ltd and B Ltd have agreed to amalgamate. A new company AB Ltd., has been formed to take over the combined concern as on 31st March, 2003. After negotiations, the assets of the two companies have been agreed as shown in the following Balance Sheets:

Liabilities			Assets		
	A Ltd.,	B.Ltd.,		A.Ltd.,	B.Ltd.,
Issued capital					
Shares of Rs 10 each	10,00,000	5,00,000	Land and Buildings	5,00,000	3,00,000
Sundry Creditors	80000	50000	Machinery and Plant	2,00,000	2,50,000
Reserve Fund		50000	Goodwill		50,000
Profit and Loss Account	50000	50000	Stock	1,50,000	20,000
			Sundry Debtors	1,20,000	20,000
			Cash at Bank	50,000	10,000
			Patents	1,10,000	
	11,30,000	6,50,000		11,30,000	6,50,000

Show how the amount payable to each company is arrived at and prepare the Amalgamated Balance Sheet of the new company.

15. X purchased business from Y on 30th June, 1988. Profits earned by Y for the preceding years ending on 31st December each year were,
1985 Rs.41,000
1986 Rs. 40,000 and
1987 Rs.42,000

It was ascertained that profits of 1986 included a non-recurring item of Rs. 1,500 and profit of 1987 was reduced by Rs. 2,000 due to an extraordinary loss on account of theft. The properties were not insured and it was thought prudent to insure the business in future. The premium was estimated at Rs. 200 per annum. X at the time of purchasing business, was employed with Rama Bros. Ltd. and was getting Rs. 500 per month. He intends to replace the manager of the business who at present is getting Rs. 350 per month. The Goodwill is estimated at 2 years' purchase of the average profits. You are required to calculate goodwill of the business.

