

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BCom DEGREE EXAMINATION DECEMBER 2024
(Fifth Semester)

Branch – COMMERCE (COST & MANAGEMENT ACCOUNTING)

HIGHER CORPORATE ACCOUNTING

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

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

1. Accounting standard for Amalgamation is
i) AS-8 ii) AS-20 iii) AS-14 iv) AS-3
2. What is the name of the account showing profit and loss under double account system?
i) Income & expenditure a/c ii) Income Statement
iii) Revenue A/c iv) Net Revenue A/c
3. The percentage of profit to be transferred to statements reserve by the banking company is:
i) 25% ii) 15% iii) 20% iv) 10%
4. The balance found in the Revenue Account of life insurance companies is considered as :
i) Net profit/ Net loss ii) Surplus/ Deficit
iii) Life Assurance Fund iv) Gross profit/ Gross loss.
5. Which accounting standard applies to revenue recognition for electricity companies in India?
i) Ind AS 101 ii) Ind AS 18 iii) Ind AS 115 iv) Ind AS 16

SECTION - B (15 Marks)

Answer ALL Questions

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

- 6 a. Spring Field ltd is absorbed by sports field ltd., the consideration being:
- i. The taking over of the trade liabilities of Rs.40,000:
 - ii. The payment of cost of absorption of Rs.15,000
 - iii. The repayment of 'B' debentures of Spring Field Ltd. Of Rs.2,00,000 at par
 - iv. The discharge of 'A' debentures of rs.3,00,000 i the vendor Co. At a premium of 10% by the issue of 8% debentures in sports field Ltd at par,
 - v. 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. What is pooling of Interests method?

- 7 a. A water supply concern had to replace a quarter of the mains and lay an auxiliary main for the remaining length in order to augment supplies of water to a locality. The total cost of the original main was Rs.8,00,000; the auxiliary main cost Rs.9,00,000 and the new main cost Rs.3,50,000. It is estimated that cost of laying a main has gone up by 30%. Parts of the old mains realized Rs.15,000. Pass the necessary journal entries to record the above transactions.

OR

- b. List out the features of double account system.

Cont...

- 8 a. Classify the Profit / Loss format of banking accounts.

OR

- b. Rebate on bills discounted as on 31.3.2000

Date of Bills	Amount	Period	Rate Of Discount
15.1.2000	25,000	5 months	8%
10.2.2000	15,000	4 months	7%
25.2.2000	20,000	4 months	7%
20.3.2000	30,000	3 months	9%

- 9 a. The Revenue account of a life assurance company shows the Life Assurance Fund on 31.3.2006 at Rs. 62, 21,310. Before taking into account the following:

- Claims covered under re-insurance Rs. 12,000.
- Bonus utilized in reduction of life insurance premium Rs. 4,500.
- Interest accrued on securities Rs. 8,260.
- Outstanding premiums Rs. 5,420.
- Claims intimated but not admitted Rs. 26,500.

What is the Life Assurance Fund after taking into account the above omissions?

OR

- b. Write a note on ' Reserve for unexpired risk?

- 10 a. How are fixed assets accounted for in an electricity company?

OR

- b. The following details relate to ABC Power Corporation for the year ending March 31, 2023:

- Opening balance of Power Plant: ₹75,00,000
- New Power Plant purchased: ₹20,00,000 on July 1, 2022
- Depreciation rate: 8% per annum on the straight-line method
- A portion of the Power Plant was sold: ₹10,00,000 on December 31, 2022 (original cost: ₹15,00,000, accumulated depreciation: ₹6,00,000)

Required:

- Calculate depreciation for the year on the Power Plant.
- Prepare the Power Plant account for the year ending March 31, 2023.

SECTION -C (30 Marks)

Answer any **Three** questions

ALL questions carry **EQUAL** Marks

(3 x 10 = 30)

11. M.Ltd. and N Ltd agreed to amalgamate on the basis of the following balance sheets as on 31.12.17.

Liabilities	M	N	Assets	M	N
Share capital Rs.25 each	75,000	50,000	Goodwill	30,000	-
P&L A/C	7,500	2,500	Fixed assets	31,500	38,800
Creditors	3,500	3,500	Stock	15,000	12,000
Depreciation fund	-	2,500	Debtors	8,000	5,200
			Bank	1,500	2,500
	86,000	58,500		86,000	58,500

The assets and liabilities are to be taken over by a new company formed called P Ltd., at book values. P Ltd's capital is Rs.2,00,000 divided into 10,000 equity shares of Rs.10 each and 10,000 9% preference shares of Rs.10 each P.Ltd. Issued the equity shares equally to the vendor companies and preference shares were issued for any balance of purchase price. Pass journal entries in the books of P Ltd. And prepare its balance sheet, if the amalgamation is in nature of purchase.

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12. The following balance appeared in the books of universal electric supply corporation Ltd as on 31.12.03.

Particulars	Debit Rs.	Credit Rs.
Equity shares	-	6,00,000
Debentures	-	2,00,000
Land on 31.12.2003	1,50,000	-
Land purchased during the year	60,000	-
Mains including cost of lying to 31.12.2003	1,60,000	-
Mains expended during the year	76,000	-
Machinery on 31.12.2003	5,50,000	-
Machinery purchased during the year	66,000	-
Sundry creditors	-	1,000
Depreciation fund account	-	2,50,000
Sundry debtors for current supplied	40,000	-
Other book debts	500	-
Stores in hand	6,000	-
Cash in hand	4,000	-
Cost of generation of electricity	30,000	-
Cost of distribution of electricity	9,000	-
Sales of current	-	1,50,000
Meter rent	-	5,000
Rent, rates and taxes	12,000	-
Establishment expenses	21,000	-
Interest on debentures	10,000	-
Interim dividend	20,000	-
Depreciation	20,000	-
Net revenue a/c balance on 31.12.2003	-	28,500
TOTAL	12,34,500	12,34,500

From the above balances, prepare the Revenue A/c, Net Revenue A/c, capital a/c and General balance sheet.

13. The following figures are extracted from the books of Bema Bank Ltd.,
As on 31.12.2017.

Particulars	Rs	Particulars	Rs
Interest and discount received	36,95,738	Rent received	55,000
Commission, exchange and brokerage	2,00,000	Salaries and allowances	1,75,000
Directors' fees and allowances	55,000	Rent and taxes paid	87,973
Postage and telegrams	62,313	Profit on sale of investments	2,00,000
Stationery	17,625	Depreciation on building	27,375
Preliminary expenses	15,000	Audit fees	5,000
Interest paid on deposits	20,32,542		

Additional information:

1. Customer to whom a sum of RS.10, 00,000 has been advances has become insolvent. It is expected that only 50. Can be recovered from his private estate.
 2. For the remaining debts, a provision of 1, 50,000 were necessary.
 3. Rebate on bills discounted as on 31.12.16 Rs.12, 000 and on 31.12.17 Rs.16, 000.
 4. Provide Rs.6,50,000 for taxation
 5. Write off all preliminary expenses.
- Prepare profits & loss A/c in accordance with the law.

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14. The following balances are abstracted from the books of New Bharat Life Insurance Co. Ltd., as on 31.3.2006.

particular	Rs	particular	Rs
Life Assurance Fund (1.4.2005)	15,00,000	Claims paid during the year	64,900
Premiums	4,96,000	Annuities	2,050
Consideration for annuities granted	15,000	Bonus in reduction of premiums	1,600
Interest & Dividends	1,00,000	Medical fees	2,400
Fines for revival of policies	750	Surrenders	4,000
Re-insurance premium	20,750	Commission	18,650
Claims outstanding (1.4.2005)	4,500	Management expenses	22,000
Income tax on Dividends	8,500		

Prepare Revenue A/c after making the following adjustments:

- (a) Outstanding balances: i) Claims Rs.14,000 ii) Premiums Rs. 4,600
 (b) Further bonus for premium Rs. 2,400
 (c) Claims under re-insurance Rs. 8,000

15. Explain the accounting treatment of revenue and expenses in electricity companies.

Z-Z-Z

END