

**PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)**

**MCom (CS) DEGREE EXAMINATION DECEMBER 2024
(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	Maximum permitted capital of the company is known as: (a) Authorised Capital (b) Issued Capital (c) Subscribed Capital (d) Called up Capital	K1	CO1
	2	Premium on issue of shares can be used for (a) Premium on redemption of preference Shares (b) Issue of bonus shares (c) Remuneration to management (d) For writing off preliminary expenses	K2	CO1
2	3	The term internal reconstruction means (a) Reduction of share capital (b) Variation of shareholders right (c) Alteration of share capital (d) All the above	K1	CO2
	4	The profit of post incorporation period is called; (a) Revenue profit (b) capital profit (c) Both a & b (d) none of the above	K2	CO2
3	5	While calculating purchase price, the following values of assets are considered a) Book value b) New values fixed c) Average values d) Market values	K1	CO3
	6	When purchasing company pays purchase consideration, it will be debited to a) Business purchase account b) Assets account c) Liquidator of selling company's account d) None of the above	K2	CO3
4	7	A banking company should transfer 25% of its profit to a a) General Reserve b) Capital Reserve c) Statutory Reserve d) Reserve fund	K1	CO4
	8	Depreciation on bank property, directors fees, and auditors fees are examples of schedule..... a) 13 b) 14 c) 15 d) 16	K2	CO4
5	9	Reserve for unexpired risk is shown under : a) Reserves and surplus b) Current liabilities c) Provisions d) None of these	K1	CO5
	10	Re insurance is generally found in Insurance a) Fire b) Marine c) Life d) None of these	K2	CO5

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SECTION - B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 × 7 = 35)

ALL questions carry EQUAL Marks (5 × 7 = 35)																																																	
Module No.	Question No.	Question	K Level	CO																																													
1	11.a.	On 1.1.2010, R Ltd., offers 10000 shares of Rs. 10 each payable as follows: On Application Rs.3 per share On Allotment Rs.2 per share On First call Rs.3 per share On Final call Rs.2 per share <i>All the shares are subscribed and amounts duly received.</i> <i>Pass journal entries</i>	K1	CO1																																													
	(OR)																																																
	11.b.	The following are the details taken from the records of B Ltd. On June 30, 2015: Share capital Equity shares (fully paid up) Rs. 6,00,000 Preference shares (fully paid up) Rs. 3,00,000 General reserve Rs. 2,00,000 P&l a/c (credit balance) Rs.1,25,000 Share premium Rs.50,000 The company decided to redeem the preference shares at a premium of 10% out of its General reserve and profit . <i>Give journal entries relating to redemption of preference shares.</i>																																															
2	12.a.	B.Ltd was incorporated on 30.06.03 to take over the business of T.Ltd as from 1st Jan 03. The Financial accounts of the business for the year ended 31.12.2003 disclosed the following information <table><tr><td></td><td>Rs.</td><td>Rs.</td></tr><tr><td>Sales</td><td></td><td></td></tr><tr><td>Jan to June</td><td>1,20,000</td><td></td></tr><tr><td>July to Dec</td><td>1,80,000</td><td>300000</td></tr><tr><td>Less : Purchase</td><td></td><td></td></tr><tr><td>Jan to June</td><td>75,000</td><td></td></tr><tr><td>July to Dec</td><td>1,20,000</td><td>195000</td></tr><tr><td>Gross profit</td><td></td><td>1,05,000</td></tr><tr><td>Less : Salaries</td><td>15,000</td><td></td></tr><tr><td>Selling exp</td><td>3,000</td><td></td></tr><tr><td>Depreciation</td><td>1500</td><td></td></tr><tr><td>Directors Remuneration</td><td>750</td><td></td></tr><tr><td>Debenture Interest</td><td>90</td><td></td></tr><tr><td>Administration expenses</td><td>4500</td><td>24,840</td></tr><tr><td>Profit for the year</td><td></td><td>80,160</td></tr></table> You are required to prepare a statement apportioning the balance of profit between the period prior to and since incorporation and show the profit loss appropriation account for the year ended 31.12.03.		Rs.	Rs.	Sales			Jan to June	1,20,000		July to Dec	1,80,000	300000	Less : Purchase			Jan to June	75,000		July to Dec	1,20,000	195000	Gross profit		1,05,000	Less : Salaries	15,000		Selling exp	3,000		Depreciation	1500		Directors Remuneration	750		Debenture Interest	90		Administration expenses	4500	24,840	Profit for the year		80,160	K3	CO2
	Rs.	Rs.																																															
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2	12.b.	SAN Company Ltd. passed resolution and received sanction of the court for the reduction of share capital by Rs.2,50,000 After the arrangement, the credit balance of capital reduction account was Rs.2,50,000. The amount available was utilized for write off profit and Loss a/c (Dr) Rs. 105000 reducing the value of plant and Machinery Rs.45000 Goodwill Rs.20000 Investment Rs.40,000. The balance available would be transferred to Capital Reserve. Pass Journal entry.		K3	CO2																																								
3	13.a.	A purchasing company agrees to issue three shares of Rs.10 each paid up at market value of Rs.15 per share for every 5 shares in the vendor company. Find out the number and amount of shares to be issued by the purchasing company if the vendor company has 1,00,000 shares of Rs.10 each Rs.5 paid up.		K4	CO3																																								
	(OR)																																												
	13.b.	X Co.Ltd took over assets Rs.35,000 and liabilities of Rs.30,000 of Y Co. for the purchase consideration Rs.33,000 X Co.Ltd Paid the purchase consideration by issuing debenture of Rs.100 each at a premium of 10% .Give journal entries.																																											
4	14.a.	Prepare the profit and loss account for the year ended 31.03-2021 of Kamalnath bank Ltd. from the following particulars. <table><tr><td></td><td>(Rs.in '000)</td><td></td><td>(Rs.in '000)</td></tr><tr><td>Interest on loans</td><td>250</td><td>Rent and rates</td><td>5</td></tr><tr><td>Interest on savings accounts</td><td>150</td><td>Dearness allowances</td><td>35</td></tr><tr><td>Interest on cash credits</td><td>160</td><td>Commission, brokerage and exchange</td><td>15</td></tr><tr><td>Interest on fixed deposits</td><td>190</td><td>Managing Director's salary</td><td>15</td></tr><tr><td>Interest on overdrafts</td><td>50</td><td>Contribution to PF</td><td>10</td></tr><tr><td>Amount charged against current accounts</td><td>20</td><td></td><td></td></tr><tr><td>Rebate on bills discounted</td><td>19</td><td></td><td></td></tr><tr><td>Salaries and allowances</td><td>120</td><td></td><td></td></tr><tr><td>Discount</td><td>40</td><td></td><td></td></tr></table>			(Rs.in '000)		(Rs.in '000)	Interest on loans	250	Rent and rates	5	Interest on savings accounts	150	Dearness allowances	35	Interest on cash credits	160	Commission, brokerage and exchange	15	Interest on fixed deposits	190	Managing Director's salary	15	Interest on overdrafts	50	Contribution to PF	10	Amount charged against current accounts	20			Rebate on bills discounted	19			Salaries and allowances	120			Discount	40			K5	CO4
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Discount	40																																												
(OR)																																													
14.b.	From the following leader balances of Peoples Bank Ltd., prepare profit and loss account. <table><tr><td></td><td>Rs.</td></tr><tr><td>Interest on deposits</td><td>160520</td></tr><tr><td>Commission exchange and brokerage</td><td>44240</td></tr><tr><td>Interest received</td><td>532260</td></tr><tr><td>Discount on bills discounted</td><td>243760</td></tr><tr><td>Salary and PF</td><td>40000</td></tr><tr><td>Profit on sale of Investment</td><td>30000</td></tr><tr><td>Printing and stationary</td><td>10000</td></tr><tr><td>Postage and telephone</td><td>20000</td></tr></table> Note: Provide for taxation Rs.20000 and rebate on bills discounted was Rs.14380.			Rs.	Interest on deposits	160520	Commission exchange and brokerage	44240	Interest received	532260	Discount on bills discounted	243760	Salary and PF	40000	Profit on sale of Investment	30000	Printing and stationary	10000	Postage and telephone	20000																									
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5	15.a.	A Life Assurance Corporation gets its valuation made once in every two years. The life assurance fund on 31st March, 2016 amounted to Rs. 6384000 before providing for Rs. 64,000 for the shareholders' dividend for the year 2015-16. Its actuarial valuation on 31st March, 2016, disclosed net liability of Rs. 60,80, 000 under the assurance and annuity contracts. An interim bonus of Rs.80 000 was paid to the policyholders during the period ending 31st March, 2016. Prepare a statement showing the amount now available as bonus to policyholders.	K6																										
	(OR)																												
	15.b.	From the following figures appearing in the books of Fire insurance division of a general Insurance Company, show the amount of claim as it would appear in the revenue account by preparing schedule 2 ,claims incurred <table> <tr> <th></th> <th>Rs</th> <th>Rs</th> </tr> <tr> <th></th> <th>Direct Business</th> <th>Re-insurance</th> </tr> <tr> <td>Claims paid during the year</td> <td>46 70 000</td> <td>7 00 000</td> </tr> <tr> <td>Claims payable 1st April 2002</td> <td>7 63 000</td> <td>87 000</td> </tr> <tr> <td>31st March, 2003</td> <td>8 12 000</td> <td>53 000</td> </tr> <tr> <td>Claims received</td> <td></td> <td>2 30 000</td> </tr> <tr> <td>Claims receivable 1st April 2002</td> <td></td> <td>65 000</td> </tr> <tr> <td>31st March, 2003</td> <td></td> <td>1 13 000</td> </tr> <tr> <td>Expenses of management</td> <td>2 30 000</td> <td></td> </tr> </table> (including Rs.35 000 surveyors fees and Rs. 45 000 legal expenses for settlement of claims)			Rs	Rs		Direct Business	Re-insurance	Claims paid during the year	46 70 000	7 00 000	Claims payable 1 st April 2002	7 63 000	87 000	31 st March, 2003	8 12 000	53 000	Claims received		2 30 000	Claims receivable 1 st April 2002		65 000	31 st March, 2003		1 13 000	Expenses of management	2 30 000
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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	Ambitions Ltd. issued a prospectus, inviting applications for 2,00,000 shares of Rs. 10 each at a premium of Rs. 5 per share, payable as follows: On application Rs. 2.50 per share On allotment Rs. 7.50 per share (including premium) On first call Rs. 4.00 per share On final call Rs. 1.00 per share. Applications were received for 3,00,000 shares and allotment was made pro-rata to the applicants of 2,40,000 shares, the remaining applications being refused. Money received in excess on the application was adjusted towards the amount due on allotment, David, to whom 4,000 shares were allotted, failed to pay allotment money and on his failure to pay the first call, his shares were forfeited. Madan, the holder of 6,000 shares, failed to pay the two calls and so his shares were also forfeited. All these shares were sold to Robert, credited as fully paid for Rs. 8 per share: Pass journal entries to record the above issue of shares by the company.	K4	CO1

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2	17	Following a series of losses, XYZ Ltd., resolved to reduce its capital to 80,000 fully paid up Rs.5 shares and to eliminate securities premium account. The company's balance sheet prior to implementation of the scheme was: <table><tr><th>Liabiiliies</th><th>Rs.</th><th>Assets</th><th>Rs.</th></tr><tr><td>Sharecapital</td><td></td><td>Goodwill</td><td>1,00,000</td></tr><tr><td>50,000 fully paid shares rs.10 each</td><td>5,00,000</td><td>Land &Building</td><td>1,62,000</td></tr><tr><td>Securities premium a/c</td><td>50,000</td><td>Plant&Machinery</td><td>2,07,000</td></tr><tr><td>Creditors</td><td>62,000</td><td>Stock</td><td>92,000</td></tr><tr><td>Bank overdraft</td><td>73,000</td><td>Debtors</td><td>74,000</td></tr><tr><td></td><td>6,85,000</td><td>Profit& Loss a/c</td><td>50,000</td></tr><tr><td></td><td></td><td></td><td>6,85,000</td></tr></table> It was resolved to apply the sum available under the scheme: (i) To write off the goodwill account (ii) To write off the debit balance of the p&l account (iii) To reduce the book values of the assets by the following amounts Land & Building 42,000 Plant & Machinery 67,000 Stock 33,600 (iv) To provide a bad debts reserve of 10% of the bookvalue of debtors. Show the journal entries to give effect to the scheme and prepare the revised balance sheet after implementation.	Liabiiliies	Rs.	Assets	Rs.	Sharecapital		Goodwill	1,00,000	50,000 fully paid shares rs.10 each	5,00,000	Land &Building	1,62,000	Securities premium a/c	50,000	Plant&Machinery	2,07,000	Creditors	62,000	Stock	92,000	Bank overdraft	73,000	Debtors	74,000		6,85,000	Profit& Loss a/c	50,000				6,85,000	K4	CO2																						
Liabiiliies	Rs.	Assets	Rs.																																																							
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	6,85,000	Profit& Loss a/c	50,000																																																							
			6,85,000																																																							
3	18	The A Company and B whose business are of similar nature, decided the amalgamation and a new company called AB Company Ltd is formed to take over their assets and liabilities. The following are their Balance sheets. Balance Sheet as on 31st December 2004 <table><tr><th>Liabilities</th><th>A Rs</th><th>B Rs</th><th>Assets</th><th>A Rs</th><th>B Rs</th></tr><tr><td>7500 Eq. shares of Rs.10 each</td><td>75,000</td><td></td><td>Goodwill</td><td>30,000</td><td>20,000</td></tr><tr><td>4550 Eq. shares of Rs.10 each</td><td></td><td>45,500</td><td>Plant</td><td>18,300</td><td>13,450</td></tr><tr><td>Sundry Creditors</td><td>3,300</td><td>2,000</td><td>Land</td><td>10,000</td><td></td></tr><tr><td>Reserves</td><td>4,200</td><td></td><td>Stock in trade</td><td>16,000</td><td>11,550</td></tr><tr><td>Profit & Loss a/c</td><td>800</td><td>4,500</td><td>Sunday Debtors</td><td>7,500</td><td>6,000</td></tr><tr><td></td><td></td><td></td><td>Cash</td><td>1,500</td><td>1,000</td></tr><tr><td></td><td>83,300</td><td>52,000</td><td></td><td>83,300</td><td>52,000</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr></table> Assuring that the assets and liabilities are worth at their book values, what amount each company will get? Pass necessary journal entries in the books of the purchasing company and also prepare the Balance Sheet of AB Company Ltd.	Liabilities	A Rs	B Rs	Assets	A Rs	B Rs	7500 Eq. shares of Rs.10 each	75,000		Goodwill	30,000	20,000	4550 Eq. shares of Rs.10 each		45,500	Plant	18,300	13,450	Sundry Creditors	3,300	2,000	Land	10,000		Reserves	4,200		Stock in trade	16,000	11,550	Profit & Loss a/c	800	4,500	Sunday Debtors	7,500	6,000				Cash	1,500	1,000		83,300	52,000		83,300	52,000							K6	CO3
Liabilities	A Rs	B Rs	Assets	A Rs	B Rs																																																					
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4	19	On 31st December, 2006 the following balance is stood in the books of Asian bank ltd, after preparation of its profit & loss account <table><tr><td>Share capital:</td><td>Rs(in'000)</td></tr><tr><td>Issue and subscribed</td><td>4000</td></tr><tr><td>Reserve fund (under section 17)</td><td>6200</td></tr><tr><td>Fixed deposits</td><td>42600</td></tr><tr><td>Savings bank deposits</td><td>19000</td></tr><tr><td>Current accounts</td><td>23200</td></tr><tr><td>Money at call and short notice</td><td>1800</td></tr><tr><td>Investments</td><td>25000</td></tr><tr><td>Profit & loss account (cr)1st Janu 2006</td><td>1350</td></tr><tr><td>Dividend for 2005</td><td>400</td></tr><tr><td>Premises</td><td>2950</td></tr><tr><td>Cash in hand</td><td>380</td></tr><tr><td>Cash with RBI</td><td>10000</td></tr><tr><td>Cash with other banks</td><td>6000</td></tr><tr><td>Bills discounted and purchased</td><td>3800</td></tr><tr><td>Loans, cash credit and overdraft</td><td>51000</td></tr><tr><td>Bills payable</td><td>70</td></tr><tr><td>Unclaimed dividend</td><td>60</td></tr><tr><td>Rebate on bills discounted</td><td>50</td></tr><tr><td>Short loans (borrowing from other banks)</td><td>4750</td></tr><tr><td>Furniture</td><td>1164</td></tr><tr><td>Other assets</td><td>336</td></tr><tr><td>Net profit for 2006</td><td>1550</td></tr></table> <i>Prepare balance sheet of the bank as on 31st Dec 2006.</i>	Share capital:	Rs(in'000)	Issue and subscribed	4000	Reserve fund (under section 17)	6200	Fixed deposits	42600	Savings bank deposits	19000	Current accounts	23200	Money at call and short notice	1800	Investments	25000	Profit & loss account (cr)1 st Janu 2006	1350	Dividend for 2005	400	Premises	2950	Cash in hand	380	Cash with RBI	10000	Cash with other banks	6000	Bills discounted and purchased	3800	Loans, cash credit and overdraft	51000	Bills payable	70	Unclaimed dividend	60	Rebate on bills discounted	50	Short loans (borrowing from other banks)	4750	Furniture	1164	Other assets	336	Net profit for 2006	1550	K5	CO4
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5	20	Zaldi pay Insurance Co.Ltd. has furnished the following information for determination of revenue account for fire insurance business for the year ended 31st march,2016:- <table><tr><td></td><td>Rs. In Lakhs</td></tr><tr><td>Claims admitted but not paid</td><td>Rs. 42376</td></tr><tr><td>Commission paid</td><td>Rs. 50000</td></tr><tr><td>Commission on reinsurance received</td><td>Rs.12000</td></tr><tr><td>Share transfer fee</td><td>Rs.5000</td></tr><tr><td>Expenses of management</td><td>Rs.78000</td></tr><tr><td>Bad debts</td><td>Rs.2500</td></tr><tr><td>Claims paid</td><td>Rs.15000</td></tr><tr><td>Profit and loss appropriations</td><td>Rs.10000</td></tr><tr><td>Premiums received less reinsurance</td><td>Rs.552000</td></tr><tr><td>Reserve for unexpired risk as on 1.4.2015</td><td>Rs.230000</td></tr><tr><td>Additional reserve 1.4.2015</td><td>Rs. 40000</td></tr><tr><td>Claims outstanding as on 1.4.2015</td><td>Rs.27000</td></tr><tr><td>Dividend on share capital</td><td>Rs. 18500</td></tr></table> The following further information has also to be considered:- (i) Premiums outstanding at the end of the year: Rs.40000 thousands. (ii) It is the policy of the company to maintain 50% of premium towards reserve for unexpired risk <i>Additional reserve at 10% of net premium to be maintained.</i>		Rs. In Lakhs	Claims admitted but not paid	Rs. 42376	Commission paid	Rs. 50000	Commission on reinsurance received	Rs.12000	Share transfer fee	Rs.5000	Expenses of management	Rs.78000	Bad debts	Rs.2500	Claims paid	Rs.15000	Profit and loss appropriations	Rs.10000	Premiums received less reinsurance	Rs.552000	Reserve for unexpired risk as on 1.4.2015	Rs.230000	Additional reserve 1.4.2015	Rs. 40000	Claims outstanding as on 1.4.2015	Rs.27000	Dividend on share capital	Rs. 18500	K5	CO5																		
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