

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

**BCom DEGREE EXAMINATION MAY 2025
(Fifth Semester)**

Common to branches – **COMMERCE / e- COMMERCE/ COMMERCE(A&F)/
COMMERCE(RM)/ COMMERCE(FS)/ COMMERCE(FT)/
COMMERCE(B&I)**

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 Accounting standard for Amalgamations is
(i) AS – 8 (ii) AS – 20 (iii) AS – 14 (iv) AS – 3
- 2 Alteration of share capital is effected by a company if it is authorised by the
(i) MOA (ii) AOA
(iii) Shareholders (iv) Board of directors
- 3 The heading other assets does not include
(i) stationary and stamps (ii) interest accrued
(iii) gold (iv) silver
- 4 Leasehold ground rents are shown in
(i) revenue a/c (ii) P & L a/c
(iii) schedule 9 loans (iv) schedule 8 investments
- 5 Profit earned by a subsidiary company upto the date of acquisition of shares by the holding company are called
(i) capital profits (ii) revenue profits
(iii) realisation profits (iv) revaluation profits

SECTION - B (15 Marks)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks

(5 x 3 = 15)

- 6 a Maha Ltd is negotiating to sell its business to Mega Ltd. Its assets are agreed to be worth ₹20,00,000. Its share capital consists of 5,000 equity shares of ₹10 each and it has reserves of ₹25,000. Workmen's compensation fund amounts to ₹12,500 (estimated liability ₹5,000) and provident fund ₹10,000. Employees security deposits amounted to ₹5,000. Trade creditors ₹40,000. Ascertain the purchase consideration, if it is paid 75% in ₹10 equity shares of the Transferee Company and the balance in cash.

OR

- b Rama Ltd. agreed to absorb Bama Ltd. upon the following terms:
A share of Bama Ltd. are to be considered as worth of ₹12 each, of which shareholders are to be paid one quarter in cash and the balance in ₹100 shares of Rama Ltd. which are to be issued at 25% premium. Total shares were: 20,000 in Rama Ltd. and 40,000 in Bama Ltd. Ascertain the number of shares to be issued by Rama Ltd.

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- 7 a The share capital of Veena Ltd. consisted the following:

- 20,000 6% preference shares of ₹100 each
- 1,00,000 equity shares of ₹10 each

The shares were fully paid. The company had accumulated losses totaling ₹7,00,000 besides preliminary expenses ₹40,000. It was also ascertained that fixed assets which stood in the books at ₹28,00,000 were overvalued to the extent of ₹8,00,000. The following scheme was adopted to write off the losses and reduce the assets.

- 6% preference shares were to be converted into 7% preference shares of ₹60 each.
- Equity shares were to be reduced to ₹2 each. Give journal entries in the books of the company.

OR

- b After getting approval of the court, Yamini Ltd. has decided to issue to its equity shareholders the following in exchange for 1,20,000 shares of ₹10 each in order to write off intangible assets of ₹2,00,000 and fictitious assets ₹3,20,000:

- Fully paid equity shares upto the extent of two-sixth of the present holding;
- 6% preference shares to the effect of one-fourth of the above new equity shares.

- 8 a From the following details relating to the Vamini Bank Ltd. find out the net profit earned by the bank in the year 2022-23.

	₹
Interest earned	74,03,476
Other incomes	9,10,000
Interest expended	40,74,904
Operating expenses	9,60,572
Provisions and contingencies	26,00,000
Profit brought forward from the previous year	Nil
Transfer to statutory reserve	1,69,500
Transfer to proposed dividend	2,00,000
Balance carried over to balance sheet	5,08,500

OR

- b From the following particulars, prepare the profit and loss account of Bamini Bank Ltd., for the year ending 31st March 2022.

	(₹ in '000)
Interest on deposits	6,400
Commission (Cr)	200
Interest on loans	4,980
Sundry charges (Dr)	200
Rent and taxes	400
Establishment	1,000
Discount on bills discounted	2,980
Interest on overdrafts	3,200
Interest on cash credits	4,640
Auditor's fees	70
Director's fees	32
Bad debts to be written off	600

Cont...

- 9 a A life assurance fund has been ascertained without adjusting the following. You are required to calculate the correct Life Assurance Fund.

	₹
Life assurance fund as ascertained	1,13,40,000
Premium outstanding	4,60,000
Claims outstanding	3,60,000
Claims covered under reinsurance	40,000
Claims of last year paid during this year	10,000
Bonus paid in cash	28,000
Bonus utilised in reduction of premium	32,000
Interest and dividend accrued	15,000
Income tax thereon	1,600

OR

- b From the following particulars prepare the fire revenue account for 2022-23.

	(₹ in '000)
Claims paid	540
Legal expenses regarding claims	12
Premiums received	1,480
Reinsurance premiums	100
Reinsurance claims	4
Commission	220
Reinsurance commission ceded	6
Expenses of management	420
Provision for unexpired risk on 1 st April 2022	660
Additional reserve on 1 st April 2022	280
Claims unpaid on 1 st April 2022	50
Claims unpaid on 31 st March 2023	70

Increase the additional reserve on 31st March 2023 by 10% on the net premium.

- 10 a Explain the minority interest and cost of control.

OR

- b From the following summarised balance sheet of Kala Ltd. and Mala Ltd. as on 31st December 2023, prepare a consolidated balance sheet of the two companies.

Liabilities	Kala Ltd. ₹	Mala Ltd. ₹	Assets	Kala Ltd. ₹	Mala Ltd. ₹
Shares of ₹1 each			Sundry assets	32,000	20,000
Reserve	20,000	10,000	10,000 shares in		
P & L A/c	10,000	-	Mala Ltd.	12,000	
Creditors	8,000	3,600			
	6,000	6,400			
	44,000	20,000		44,000	20,000

Shares of Mala Ltd. were purchased by Kala Ltd. on 30th June 2023. On 1st January 2023 the balance sheet of Mala Ltd. showed a loss of ₹6,000.

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SECTION -C (30 Marks)Answer any **Three** questions**ALL** questions carry **EQUAL** Marks

(3 x 10 = 30)

11. Gomathi Ltd. agreed to acquire the assets excluding cash as on 31st December 2023 of Sumathi Ltd. The balance sheet of Sumathi Ltd. as on that date was as follows:

Liabilities	₹	Assets	₹
Equity shares of ₹10 each	6,00,000	Goodwill	1,20,000
General reserve	1,60,000	Land & Buildings	2,40,000
Debentures	1,00,000	Plant & Machinery	4,00,000
Creditors	20,000	Stock	1,60,000
Profit & Loss A/c	1,20,000	Debtors	60,000
		Cash	20,000
	10,00,000		10,00,000

The terms of acquisition as follows:

- A cash payment of ₹4 for every shares of Sumathi Ltd.
- The issue of one share of ₹10 each at market value of ₹12.50 in Gomathi Ltd. for every shares in Sumathi Ltd.
- The issue of 2,200 debentures of ₹50 each in Gomathi Ltd. to enable Sumathi Ltd. to discharge its debentures at a premium of 10%.
- The expenses of liquidation of Sumathi Ltd. amounting to ₹8,000 was to be met by themselves. Pass journal entries in the books of both the companies.

12. The following is the balance sheet of Vani Ltd. as on 31st March 2022

Liabilities	₹	Assets	₹
40,000 equity shares of ₹10 each	4,00,000	Patents	80,000
1,000 10% pref. Sh. of ₹100 each	1,00,000	Buildings	4,00,000
8% Debentures	2,00,000	Machinery	2,60,000
Creditors	6,60,000	Stock	1,60,000
Outstanding expenses	40,000	Debtors	1,10,000
		P & L a/c	3,90,000
	14,00,000		14,00,000

With a view to reconstruct the company, it is proposed:

- To reduce equity share paid up amount by ₹9 each
- To reduce 10% pref. shares by ₹40 each
- To reduce 8% debentures by 10%
- To reduce Creditors claim by one-third
- To reduce Machinery by ₹1,20,000
- To reduce inventory by ₹20,000
- To provide bad debts at ₹30,000
- To write off all the intangible assets

Pass journal entries to give effect to the above scheme and show the company's balance sheet after reconstruction.

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13. From the following balances of Seetha Bank Ltd. as on 31st December 2022, prepare its balance sheet in the prescribed format.

	(₹ in '000)		(₹ in '000)
Paid up share capital (100 each fully paid)	4,000	Stamps and stationery	20
Bills discounted	3,600	Cash in hand	1,000
Reserve fund	1,540	Cash with reserve bank	2,600
Cash credits	4,000	Branch adjustment (Dr)	340
Overdrafts	1,600	Investments	1,900
Unclaimed dividends	20	Loans (Cr)	2,400
Loans	9,200	Recurring deposits	2,000
Current deposits	7,600	Fixed deposits	4,000
Furniture	80	Cash certificates	2,000
Profit & Loss A/c (Cr)	440	Contingency reserve	340

Adjustments:

- Rebate on bills discounted ₹20,000
- Provide ₹1,60,000 for doubtful debts
- banks acceptance on behalf of customers were ₹13,00,000

14. Prepare revenue account of a life insurance business in prescribed format as per the IRDA regulations and explain the items there in.

15. The following are the summarised balance sheets of Radha Ltd. and its subsidiary Geetha Ltd. as on 31st December 2022.

Liabilities	Radha Ltd. ₹	Geetha Ltd. ₹	Assets	Radha Ltd. ₹	Geetha Ltd. ₹
Shares of ₹10 each	10,00,000	2,00,000	Fixed assets	4,00,000	1,80,000
General Reserve	20,000	80,000	Stock	1,80,000	60,000
Creditors	40,000	60,000	Debtors	80,000	60,000
Bills payable	-	10,000	Bills receivable	10,000	-
			Bank balance	2,30,000	50,000
			7,500 shares in Geetha Ltd.	1,60,000	-
	10,60,000	3,50,000		10,60,000	3,50,000

Radha Ltd. acquired shares in Geetha Ltd. on 1st January 2022 when Geetha Ltd. had ₹20,000 in general reserve. No dividend was declared by Geetha Ltd. in 2022. All bills receivable of Radha Ltd. are drawn on Geetha Ltd.

You are required to prepare a consolidated balance sheet on 31st December 2022.

Z-Z-Z

END

