

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2023  
(Fifth Semester)

Branch - COMMERCE (COST AND MANAGEMENT ACCOUNTING)

**HIGHER CORPORATE ACCOUNTING**

Time: Three Hours

Maximum: 50 Marks

**SECTION-A**

Answer ALL questions

ALL questions carry EQUAL marks

(10 x 1 = 10)

1. When two or more companies liquidate to form a new company is called -----.  
(i) Amalgamation (ii) Absorption  
(iii) Reconstruction (iv) None of the above
2. Net asset value is also called as \_\_\_\_\_.  
(i) Asset backing value (ii) Intrinsic value  
(iii) Liquidation value (iv) (i), (ii) And (iii)
3. Formats of financial statement of Electricity Companies are laid down in \_\_\_\_\_.  
(i) The Central Electricity Regulatory Commission Act  
(ii) The Companies Act  
(iii) The Income Tax Act  
(iv) The Electricity Act 2003
4. For Capital expenditure purposes investment component has \_\_\_\_\_.  
(i) Grant Component (ii) Loan Component  
(iii) Grant & Loans Component (iv) All of the above
5. Money at call and short notice is shown-----.  
(i) Debit side of the p&l a/c. (ii) Credit side of the p&l a/c.  
(iii) Asset side of the balance sheet. (iv) It is a contra item.
6. Bank charges are shown in bank accounts under the heading-----  
(i) Other income (ii) Operating expenses  
(iii) Interest expended (iv) None of the above
7. The commission received from the re-insurer is called;  
(i) Commission on re insurance acceptance.  
(ii) Commission on reinsurance ceded.  
(iii) Commission on direct business.  
(iv) None of the above.
8. A valuation balance sheet is prepared by -----.  
(i) A trading company. (ii) A banking company.  
(iii) A life insurance company. (iv) A general insurance company.
9. In cinema halls, composite cost unit is \_\_\_\_\_.  
(i) A seat per show (ii) Cost of screening  
(iii) Salary of staff (iv) Rent of cinema hall
10. Which one of the following is a record of financial transactions taking place between a guest and the hotel ?  
(i) Folios (ii) Ledgers  
(iii) Guest Accounts (iv) Vouchers

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**SECTION - B**

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 7 = 35)

11. (a) The following is the Balance Sheet of Weak & Co. as on 31.3.1999.

Liabilities	Rs.	Assets	Rs.
1,00,000 equity shares of Rs. 10 each	10,00,000	Land	1,00,000
Sundry Creditors	1,73,000	Plant & Machinery	2,30,000
		Furniture & Fittings	68,000
		Stock	1,50,000
		Debtors	70,000
		Cash at Bank	5,000
		P & L a/c	5,50,000
	11,73,000		11,73,000

Scheme of Capital Reduction was:

- The equity shares to be reduced to Rs. 4 per share.
- Plant and Machinery to be written down to Rs.1,50,000.
- Stock to be revalued at Rs1,40,000.
- The provision on debtors for doubtful debts to be created Rs.2,000.
- Land to be revalued at Rs.1,42,000.

Pass journal entries to give effect to the above arrangement and also prepare reconstruction a/c.

(OR)

- (b) B Ltd. agreed to absorb A Ltd. upon the following terms:

(A) Shares of A Ltd. are to be considered as worth Rs. 12 each (of which shareholders are to be paid one Quarter in cash and the balance in Rs. 100 shares of B Ltd. which are to be issued at 25% premium. Total shares were: 10,000 in B Ltd. and 20,000 in A Ltd. Ascertain the number of shares to be issued by B Ltd.

12. (a) Compute reasonable return from the following information given below:

Capital base	Rs. 34, 00,000
Loan from electricity board	Rs. 30, 00,000
Development reserve	Rs. 10, 00,000
10% debentures	Rs. 8, 00,000
Reserve Fund Investment (6%)	Rs. 60, 00,000
Assume the bank rate to be 8%	

(OR)

- (b) The figures given below relate to the City Electric Supply Co. Ltd. Prepare Revenue A/c for the year ended 31.3.2004.

	Rs.
Sale of Current	1,04,000
Rent of Meters	4,000
Cost of Generation	28,000
Cost of Distribution	4,000
Rent, Rate & Taxes	4,000
Management Expenses	25,600

13. (a) On 31st March 2016, 2016, Bharat Commercial Bank Ltd, find its advances classified as follows:

	Rs.
Standard assets	14, 91,300
Sub-standard assets	92,800
Doubtful assets:	
For 1 year	25,660
For 3 years	15,640
For more than 3 years	6,580
Loss assets	10,350

Calculate the amount of provision to be made by the bank against the above mentioned advances.

(OR)

Cont...

- (b) The trial balance of the Ram bank Ltd., as on 30<sup>th</sup> June 2015 shows the following balances.

Interest and discount	45,40,600
Rebate on bills discounted (1.7.83)	4,750
Bills discounted and purchased	3,37,400

The unexpired discount as on 30.06.84 is estimated to be Rs.5,560. Draft necessary adjusting entries and calculate the amount of interest and discount to be credited to Profit and Loss Account.

14. (a) The following figures relate to Life Insurance Corporation for the year ended 31-3-2017. Prepare the Revenue A/c.

	₹ (‘000)		₹ (‘000)
Claims	39	Consideration for annuities granted	16.5
Management expenses	14	Surrenders	9
Director’s fees	4	Premium received	151
Audit fees	3	Life fund (1-4-16)	1150
Medical expenses	0.5	Interest received	40
Agents’ commission	5	Rent received	10
Depreciation	4	Rent received	0.5
Bonus in reduction of premium	1.5	Claims cancelled annuities	1.5

Note: Premium outstanding ₹9,000; Claims outstanding ₹3,000.

(OR)

- (b) From the following particulars prepare the fire revenue account for 2014-15.

	₹ (‘000)
Claims paid	270
Legal expenses regarding claims	6
Premiums received	740
Reinsurance premiums	50
Reinsurance claims	2
Commission	110
Reinsurance commission ceded	3
Expenses of management	210
Provisions for unexpired risk on 1-04-2014	330
Additional reserve on 1-04-2014	140
Claims unpaid on 1-04-2014	25
Claims unpaid on 31-03-2015	35

Interest the additional reserve on 31-03-2015 by 10% on the net premium.

15. (a) Write a note on accounting for educational institutions.

(OR)

- (b) State the various operating departments of hotel.

### SECTION - C

Answer ANY THREE questions  
ALL questions carry EQUAL marks

(3 x 10 = 30)

16. M Ltd. and N Ltd. agreed to amalgamate on the basis of the following Balance Sheets as on 31.3.97.

Liabilities	M	N	Assets	M	N
Rs.		Rs.	Rs.		Rs.
Share Capital :			Goodwill	30,000	-
Rs.25 each	75,000	50,000	Fixed assets	31,500	38,800
P & L A/c	7,500	2,500	Stock	15,000	12,000
Creditors	3,500	3,500	Debtors	8,000	5,200
Depreciation fund	-	2,500	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 the nature of purchase.

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17. From the following particulars about Bijal Power Ltd. determine – (a) the capital base; (b) the reasonable return; and (c) the disposal of profit. Show the journal entry.

	Rs.
Tariffs and Dividends control reserve	65,00,000
Reserve Fund Investments at par	81,25,000
Contingencies Reserve Investments at par	73,15,000
Development Reserve	32,50,000
Loan from Electricity Board	2,11,25,000
Preliminary expenses	6,00,000
Security deposits from customers	50,00,000
Customers' contribution to assets	8,00,000
Monthly average of current assets	1,10,00,000
Debentures	5,00,00,000
Fixed Assets (net of depreciation Rs. 3.25 Cr)	16,25,00,000
Profit earned (net of debenture interest 15%)	3,15,00,000

Monthly average of current asset includes dues from customers Rs. 30,00,000 Reasonable return calculation is to be done @ 12%.

18. The following Trial Balance of Sri Nidhi Bank Ltd., as on 31-12-2016

	Debit (Rs.)	Credit (Rs.)
Authorized capital		5,00,000
Unissued capital	2,00,000	
Uncalled capital	1,50,000	
Reserve fund	-	3,00,000
Investment fluctuation fund		20,000
Bank overdraft, loans and cash credit	4,00,000	
Bank premises	60,000	
Government bonds	3,00,000	
Other government securities	2,00,000	
Current accounts		6,00,000
Profit and loss accounts 1-1-2016		25,000
Money at call and short notice	70,000	
Bills discounted	73,000	
Shares	17,000	
Cash in hand	1,10,000	
Cash at bank	3,00,000	
Income tax paid	9,000	
Salaries and other expenses	73,500	
Interest, discounts, etc.	-	1,70,000
Interim dividend paid	7,500	
Deposits and savings bank accounts	-	3,55,000
	<b>19,70,000</b>	<b>19,70,000</b>

**Additional information**

- The bills discounted mature at an average date of Feb.19, 2017 (incl. days of grace). All bills are discounted at 10% per annum
- The market value of investments in government securities was Rs.4,75,000. Increase investment fluctuation fund with the necessary amount.
- Bank added premises during the year for Rs.10,000. Provide 5% depreciation on the opening balance.
- Interest accrued on investment was Rs.750
- Provision for taxation 1-1-2016 was Rs.10,000. It is to be increased to Rs.30,000.

Prepare final accounts in the statutory form.

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19. From the following data of a life insurance company, prepare Revenue A/c and Balance Sheet as on 31-3-2017.

	₹ ('000)		₹ ('000)
Claims by death	16,890	Outstanding interest on advances (31-3-17)	1,944
Agent's salary & Allowance	6,420	Bonus paid with claims	2,700
Surrender values paid	2,810	Endowment assurance matured	24,415
Actuarial expenses	1,520	Annuities paid	1,350
Premiums	94,836	Interest revenue	19,060
Commission to agents	8,900	Rent, Rates & Taxes	5,475
Salaries	13,500	General charges	1,860
Medical fees	1,200	Fees received	172
Travelling expenses	1,800	Bonus paid in cash	2,825
Directors' fees	900	Advertisement	726
Agents balances	750	Consideration for annuities granted	12,853
Claim expenses	1,432	Printing & Stationery	650
Premium outstanding (1-4-16)	2,134	Claims O/S (1-4-2016)	2,376
Premium outstanding (31-4-17)	3,143	Claims O/S (31-3-2017)	3,735
Investments	1,46,700	Loans on policies	38,300
Share capital	2,00,000	Loans on mortgage	2,90,560
Sundry creditors	9,200	Freehold premises	1,22,600
Life assurance (1-4-2016)	3,53,672	Furniture & Fittings	64,100
Reserve fund	1,46,000	Cash on hand & Deposits	76,300

20. Discuss the accounting procedure for educational institutions

Z-Z-Z

END