

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

**BCom DEGREE EXAMINATION DECEMBER 2023
(Fifth Semester)**

Branch – **COMMERCE (COST AND 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. Pooling of interest method is used to account for amalgamations in the nature of _____.
(i) purchase (ii) sale
(iii) merger (iv) none of the above
2. Under double account system, depreciation is _____.
(i) debited to revenue A/c (ii) debited to net revenue A/c
(iii) debited to asset A/c (iv) debited to depreciation fund A/c
3. The percentage of profit to be transferred to statutory reserve by the banking company is _____.
(i) 25% (ii) 15%
(iii) 20% (iv) 10%
4. Claims paid by life insurance companies is shown in _____.
(i) schedule 1 (ii) schedule 2
(iii) schedule 3 (iv) schedule 4
5. Most of the educational institutions in India are registered under the _____ act.
(i) Indian Societies Act, 1860 (ii) Companies Act, 1956
(iii) Banking Regulation Act, 1949 (iv) None of the above

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

6. a) Lal Ltd. agreed to absorb the business Mal Ltd. The purchase consideration was as under:
 - i. For every 4 10% preference shares of Rs. 10 each in Mal Ltd. 7 Equity shares of Rs. 10 each in Lal Ltd. as Rs. 8 paid up.
 - ii. For every 3 Equity shares of Rs. 10 each in Mal Ltd. 8 Equity shares in Lal Ltd. as Rs. 10 paid up. There were 90,000 Equity shares in Mal Ltd.
Find out purchase consideration.
(OR)
- b) Bee Ltd. has 60,000 equity shares of Rs. 100 each, Rs.80 per share called up. Now the company decides to pay off Rs. 20 per share of the paid up capital and at the same time to reduce the Rs. 100 shares to Rs. 60 share fully paid up by cancelling the unpaid amount.
Give journal entries.
- 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.4,00,000. The auxiliary main cost Rs. 4,50,000 and the new main cost Rs. 1,75,000. It is estimated that the cost of laying a main has gone up by 30%. Part of old main realized Rs. 15,000. Show how would apportion the above expenditure between capital and revenue.
(OR)

- b) Compute Reasonable return from the following information given below:

Particulars	Rs.
Capital Base	34,00,000
Loan from Electricity Board	30,00,000
Development Reserve	10,00,000
10% Debentures	8,00,000
Reserve Fund Investment (6%)	60,00,000

Assume the bank rate to be 8%.

8. a) On 31st March 1998, Bharat Commercial Bank Ltd., finds its advances classified as follows:

Particulars	Rs.
Standard assets	14,91,300
Sub-standard assets	92,800
Doubtful assets (Secured):	
Doubtful for one year	25,660
Doubtful for one year to 3 years	15,640
Doubtful for more than 3 years	6,580
Loss assets	10,350

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

(OR)

- b) On 31st March, 1998 a bank held the following bills, discounted by it earlier:

Date of bill 1998	Term of bill (months)	Discounted @%p.a.	Amount of bill Rs.
January, 17	4	17	7,30,000
February, 7	3	18	14,60,000
March, 9	3	17.5	3,64,000

You are required to calculate the rebate on bills discounted. Also show the necessary journal entry for the rebate.

9. a) A life assurance company prepared its revenue a/c for the year ended 31.3.2006 and ascertained its life assurance fund to be Rs. 28,35,000. It was found later that the following had been omitted from the accounts:
- Interest accrued on investments Rs. 39,000:
Income tax liable to be deducted thereon is estimated to be Rs. 10,500
 - Outstanding premiums Rs. 32,800
 - Bonus utilized for reduction of premium Rs. 6,750
 - Claims intimated but not admitted Rs. 17,400
 - Claims covered under reinsurance Rs. 6,500
- What is the true life assurance fund?

(OR)

- b) A life insurance company gets its valuation made once in every two years. Its life assurance fund on 31.03.06 amounted to Rs. 63,84,000 before providing Rs. 64,000 for the shareholders' dividend for the year 2005-06. Its actuarial valuation due on 31.03.06 disclosed a net liability of Rs. 60,80,000 under assurance annuity contracts. An interim bonus of Rs. 80,000 was paid to the policy holders during the two years ending 31.03.2006. Prepare a statement showing the amount now available as bonus to policyholders.
10. a) What do you understand by the term 'Room Rates' of a hotels?

OR

- b) What are the main sources of finance in educational institutions?

SECTION -C (30 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 x 6 = 30 marks)

11. a) Abdul Ltd. having a capital of Rs. 10,00,000 divided into 10,000 shares of Rs. 100 each (Rs. 75 paid up) and a reserve fund of Rs. 2,50,000 was absorbed by National Timber Ltd. having a capital of Rs. 40,00,000 divided into 40,000 shares of Rs. 100 each (Rs. 60 paid up) and reserve fund of Rs. 16,00,000 on the terms that for every four shares in Abdul Ltd.; National Timber Ltd. was to give five shares partly paid as its original ones. Prepare ledger account to close the books of Abdul Ltd.

(OR)

- b) Given below is the balance sheet of a company as on 31.03.2002.

Liabilities	Rs.	Assets	Rs.
Share capital:		Goodwill	1,20,000
2,000 Preference shares of Rs. 100 each	2,00,000		
3,000 Ordinary shares of Rs. 100 each	3,00,000		
Securities Premium	50,000	Fixed Assets	2,50,000
Other Liabilities	1,50,000	Current Assets	1,80,000
		Preliminary Expenses	15,000
		P&L	1,35,000
	7,00,000		7,00,000

Cont...

Q.no 11 b Cont..

During 2002-03, the following resolutions were implemented:

- To reduce the face value of the preference and equity shares to Rs. 50 each.
- To write off other assets (except real assets) by utilizing securities premium to required extent. Prepare the balance sheet after the reconstruction and also the journal entries thereon.

12. a) Saharanpur Electricity Co. Ltd earned a profit of Rs. 17,40,000 during the year ended 31.3.2004 after charging interest on debentures amounting to Rs. 45,000 @ 7 ½ %. You are required to show the disposal of profit assuming bank rate at 6% with the help of following data:

	Rs.
Fixed assets at cost	2,50,00,000
Preliminary expenses	5,00,000
Monthly average of current assets including amount due to customers Rs. 6,00,000	36,00,000
Reserve Fund (represented by 6% Govt. Securities)	40,00,000
Total Depreciation written off	77,00,000
Contingencies Reserve Investments	10,00,000
Loan from Electricity Board	50,00,000
Tariff and dividend control reserve	2,00,000
Security Deposits received from customers	5,00,000
Development Reserve	5,00,000

(OR)

- b) The following are the balances on 31-03-04 in the books of the Ernakulam Power and Light Company Ltd.

Particulars	Rs.	Rs.
Lands on 31.03.03	1,20,000	-
Lands expended during 2003-04	4,000	-
Machinery on 31.03.03	4,80,000	-
Machinery expended during 2003-04	4,000	-
Mains including cost of laying	1,60,000	-
Mains expended during 2003-04	40,800	-
Equity shares	-	4,39,200
Debentures	-	1,60,000
Sundry Creditors	-	800
Depreciation Fund A/c	-	2,00,000
Sundry debtors for Current supplied	32,000	-
Other debtors	400	-
Cash	4,000	-
Cost of generation of electricity	28,000	-
Cost of distribution of electricity	4,000	-
Rent rates and taxes	4,000	-
Management Expenses	9,600	-
Depreciation	16,000	-
Sale of current	-	1,04,000
Rent of meters	-	4,000
Interest on Debentures	8,000	-
Interim dividend	16,000	-
Net Revenue A/c Balance on 31-03-03	-	22,800
	9,30,800	9,30,800

From the above Trial Balance, Prepare Revenue A/c, Net Revenue A/c, Capital A/c and General Balance Sheet.

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13. a) From the following particulars, prepare the profit and loss account of Chennai Bank Ltd., for the year ending 31st March 1992.

	Rs. in'000
Interest on deposits	3,200
Commission (Cr.)	100
Interest on loans	2,490
Sundry charges(Dr.)	100
Rent and taxes	200
Establishment	500
Discount on bills discounted	1,490
Interest on overdrafts	1,600
Interest on cash credits	2,320
Auditors' fees	35
Directors' fees	16
Bad debts to be written off	300

(OR)

- b) From the following particulars of XY Bank Ltd., prepare a Balance Sheet as on 31.03.96 in the revised format.

	Rs.
Authorized capital	4,000
Subscribed capital	2,000
Investment	7,000
Bills discounted	15,000
Profit and Loss A/c (Cr)	850
Endorsement on bills for collection	100
Liability of customers for acceptances	5,000
Money at call and short notice	9,000
Cash in hand	2,000
Cash with RBI	4,000
Statutory reserve	3,000
Cash with State Bank of India	4,000
Letters of credit issued	500
Telegraphic transfers payable	800
Bank drafts payable	1,200
Short loans	40
Rebate on bills discounted	10
Acceptances for customers	5,000
Loans and advances	10,000
Cash credit	10,000
Overdraft	1,000
Bills purchased	1,000
Current and deposit accounts	56,000
Investment fluctuation fund	100
Bills for collection	100
Buildings	1,000

14. a) From the following particulars, prepare the fire revenue account for 2005-06:

	Rs. 000'
Claims paid	235
Legal expenses regarding claims	5
Premiums received	600
Reinsurance premium	60
Commission	100
Expenses of management	150
Provision against unexpired risk on 1.4.2005	260
Claims unpaid on 1.4.2005	20
Claims unpaid on 31.3.2006	35

(OR)

- 14 b) Prepare Revenue Account of the Marine insurance company Ltd as at 31st March 2006 from the following information.

	Rs. 000'
Reserve for unexpired risk (1-4-2005)	496.6
Additional reserve (1-4-2005)	49.66
Premiums less reinsurance	720
Claims outstanding (1-4-2005)	160
Claims paid	470
Commission	35
Expenses of management	54
Audit fees	10
Directors sitting fees	3.4
Depreciation	5
General charges	12

Outstanding claims due on 31st March 2006 was Rs. ('000) 60. Additional reserve is to be maintained at 10% on net premiums.

15. a) Explain the features of an educational institution's accounting system.

(OR)

- b) State the expenditure on a hotel.

Z-Z-Z

END