

KAMARAJ COLLEGE (Autonomous)

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(Affiliated to Manonmaniam Sundaranar University, Tirunelveli)

(8 Pages)

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UG Degree - End Semester Examinations, April 2026

Fourth Semester

B.Com/B.Com Banking and E-Commerce/ B.Com Banking and Finance/

B.Com Corporate Secretaryship

Advanced Corporate Accounting

(For those who joined in July 2024 onwards)

Time: 3Hours

Maximum: 75 Marks

PART - A (10 × 1 = 10 Marks)

Answer ALL Questions

Choose the correct answer:

CO:1 1. Accounting standard for amalgamations is_____.

K:1 (a) AS-8 (b) AS-20

(c) AS-14 (d) AS-3

CO:1 2. The Capital reduction Scheme can be implemented only after
K:1 getting permission from_____.

(a) Central Govt. (b) Controller of Capital issues

(c) Shareholders (d) The competent court

CO:2 3. The percentage of profit to be transferred to statements reserve
K:1 by the banking company is_____.

(a) 25% (b) 15%

(c) 20% (d) 10%

CO:2 4. Rebate on bills discounted is_____.

K:1 (a) An Investment (b) An item of income

(c) A liability (d) Income received in advance

CO:3 5. Claims paid by life insurance companies is shown in_____.

K:2 (a) Schedule 1 (b) Schedule 4

(c) Schedule 2 (d) Schedule 3

- CO:3 6. The commission paid by the re-insurer is known as____.
K:1
(a) Commission on direct business (b) Commission on reinsurance ceded
(c) Commission on reinsurance accepted (d) None of the above
- CO:4 7. A company in which more than 50% of shares are held by another
K:1 company is termed as:
(a) Holding company (b) Subsidiary company
(c) Govt. company (d) Public company
- CO:4 8. The term 'Minority Interest' represents:
K:1
(a) The shareholders holding 50% of shares in Subsidiary Co. (b) The interest of the outsiders in the Subsidiary Co.
(c) The company which holds more than 51% in Subsidiary Co. (d) None of the above.
- CO:5 9. Preferential creditors are shown in the statement of affairs
K:2 under____.
(a) List D (b) List B
(c) List C (d) List A
- CO:5 10. The Liquidator's final statement of A/c is prepared____.
K:2
(a) Only in case of creditors voluntary winding up (b) Only in case of members voluntary winding up
(c) Only in case of compulsory winding up by the court (d) Whatever may be the mode of winding up.

PART - B (5 X 5 = 25 Marks)

Answer ALL Questions choosing either (a) or (b).

Answer should not exceed 250 words.

- CO:1 11. (a) Analyze the methods of accounting for amalgamation.
K:4

(OR)

- (b) 'X' Co. Ltd. has the following shares as a part of its share capital:

10,000 8% preference shares of ₹ 100 each fully paid.

50,000 equity shares of ₹ 5 each fully paid.

20,000 equity shares of ₹ 10 each, ₹ 8 called up and paid up.

The company has decided to alter the share capital as follows:

i) To sub-divide the preference shares into shares of ₹ 10 each.

ii) To consolidate the equity shares of ₹ 5 each into shares of ₹ 10 each.

iii) To convert the partly paid up equity shares into fully paid up shares of ₹ 8 each, with necessary legal sanctions. Journalise the alterations.

CO:2 12. (a) On 31st March 2023, Bharat Commercial Bank Ltd., finds its
K:3 advances classified as follows:

| Particulars | Amount (₹) |
|------------------------------------|------------|
| 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 to be made by the bank against the above mentioned advances.

(OR)

(b) On 31st March 2023, a bank held the following bills discounted earlier:

| Date of Bill | Term (months) | Rate % p.a. | Amount (₹) |
|--------------|---------------|-------------|------------|
| Jan 17 | 4 | 17% | 7,30,000 |
| Feb 7 | 3 | 18% | 14,60,000 |
| Mar 9 | 3 | 17.5% | 3,64,000 |

You are required to calculate the Rebate on Bills Discounted and pass the journal entry.

CO:3 13. (a) A life assurance company prepared its Revenue A/c for the
K:3 year ended 31.3.2024 and ascertained its Life Assurance fund to be ₹28,35,000. It was found later that the following had been omitted from the accounts:

i) Interest accrued on investments ₹39,000

Income tax liable to be deducted thereon is estimated to be ₹10,500

- ii) Outstanding premiums ₹32,800
- iii) Bonus utilized for reduction of premium ₹6,750
- iv) Claims intimated by not admitted ₹ 17,400
- v) Claims covered under reinsurance ₹ 6,500

What is the true-Life Assurance Fund?

(OR)

- (b) From the following, you are required to calculate the loss on account of claims to be shown in the revenue account for the year ending 31.3.2006.

| Intimated in | Admitted in | Paid in | ₹ |
|--------------|-------------|---------|----------|
| 2004-05 | 2004-05 | 2005-06 | 45,000 |
| 2005-06 | 2005-06 | 2006-07 | 30,000 |
| 2003-04 | 2004-05 | 2004-05 | 15,000 |
| 2003-04 | 2004-05 | 2005-06 | 36,000 |
| 2005-06 | 2006-07 | 2006-07 | 24,000 |
| 2005-06 | 2005-06 | 2005-06 | 3,06,000 |

Claim on account of reinsurance was ₹75,000.

- CO:4 14. (a) X Ltd. purchased 60% shares of Y Ltd. on 1-1-25 when the K:3
balance on their P&L A/c and General Reserve were ₹ 1,50,000 and ₹ 1,60,000 respectively. On 31-12-25, the Balance Sheet of Y Ltd. showed P&L A/c balance of ₹ 4,00,000 and General Reserve ₹ 3,00,000. Calculate Capital profits and Revenue profits.

(OR)

- (b) Calculate Minority Interest from the Balance Sheet of Mumbai Ltd.

Balance Sheet of Mumbai Ltd. as on 31-12-1925

| Liabilities | ₹ | Assets | ₹ |
|--|-----------|-------------------------------|-----------|
| Share Capital (7,00,000 shares of ₹ 2 each) | 14,00,000 | Sundry Assets | 10,00,000 |
| General Reserve (as on 1-1-25) | 6,00,000 | Plant & Machinery | 7,00,000 |
| Creditors | 3,00,000 | Other Assets | 1,50,000 |
| P & L A/c (31-12-25) | 2,00,000 | Investment (80% of shares) | 6,50,000 |
| Total | 25,00,000 | | 25,00,000 |

Madras Ltd., acquired 80% of the Shares at ₹ 6,50,000.

C0:5 15. (a) From the following particulars related to a liquidated
K:3 company, calculate the amount of Unsecured Creditors and Preferential Creditors:

The creditors other than secured creditors of a liquidated company were.

| Particulars | ₹ |
|---|----------|
| Trade creditors | 1,42,200 |
| Provident fund of workers | 11,000 |
| Gas Board for gas supplied | 420 |
| Dues to city corporation for local taxes | 10,000 |
| Salary of clerk for six months | 30,000 |
| Salary of peon for four months | 6,000 |
| Director's fees for four months | 8,000 |
| Income tax due | 10,000 |
| Compensation under Workmen's Compensation Act | 9,000 |

(OR)

(b) A liquidator is entitled to receive remuneration @ 2% of the assets realised and 3% on the amount distributed among the unsecured creditors. The assets realised ₹ 70,00,000 against which payment was made as follows:

- Liquidation expenses ₹ 50,000
- Preferential creditors ₹ 1,50,000 and
- Secured creditors ₹. 40,00,000
- Unsecured creditors : ₹ 30,00,000

Calculate the total remuneration payable to the liquidator.

PART - C (5 X 8 = 40 Marks)

Answer ALL Questions choosing either (a) or (b).

Answer should not exceed 500 words.

C0:1 16. (a) Following is the Balance Sheet of Samy Ltd. as on 31-3-2025

K:3

| Liabilities | ₹ | Assets | ₹ |
|------------------------------------|----------|----------------|-----------|
| Share Capital: | | Fixed Assets | 16,25,000 |
| 8% Preference shares of ₹ 100 each | 3,75,000 | Investments | 3,00,000 |
| Equity shares of ₹10 each | 7,50,000 | Current Assets | 2,50,000 |
| General Reserve | 4,50,000 | | |
| 7% Debentures | 3,50,000 | | |
| Current Liabilities | 2,50,000 | | |

| | | | |
|--|-----------|--|-----------|
| | 21,75,000 | | 21,75,000 |
|--|-----------|--|-----------|

Romy Ltd. agreed to takeover the business of Samy Ltd. Calculate purchase consideration under Net Assets Method on the basis of the following:

1. Romy Ltd. agreed to discharge 7% debentures at a premium of 10% by issuing 9% debentures of Romy Ltd.
2. Fixed assets are to be valued at 10% above book value, the investments at par, current assets at 10% discount and current liabilities at book value.

(OR)

(b) Following is the Balance Sheet of K Ltd. as on 31.12.2025

| Liabilities | ₹ | Assets | ₹ |
|-------------------------------------|--------|----------------|--------|
| 2,000 shares of ₹10 each fully paid | 20,000 | Goodwill | 4,000 |
| Profit & Loss A/c | 7,000 | Fixed assets | 16,500 |
| Debentures | 10,000 | Current assets | 19,500 |
| Creditors | 3,000 | | |
| Total | 40,000 | Total | 40,000 |

R Limited agreed to take over the assets of K Ltd. (exclusive of one fixed asset of ₹ 4,000 and cash ₹ 1,000 included in current assets) at 10% more than the book values. It agreed to take over creditors also. The purchase price was to be discharged by the issue of 2,000 shares of ₹10 each at the market value of ₹ 15 each and the balance in cash. Liquidation expenses came to ₹400.

K Ltd. sold the fixed asset of ₹ 4,000 and realised the book value. It paid off its debentures and liquidation expenses.

You are required to give journal entries in the books of K Ltd.

CO:2 17. (a) From the following particulars, prepare a Profit and Loss A/c of New bank Ltd., for the year ended 31.12.2025.

K: 3

| Particulars | ₹ '000 | Particulars | ₹ '000 |
|---------------------------------|--------|-----------------------------|--------|
| Interest on loans | 260 | Interest on cash credits | 225 |
| Interest on fixed deposits | 280 | Rent and taxes | 20 |
| Rebated on bills discounted | 50 | Interest on overdrafts | 56 |
| Commission charged to customers | 9 | Directors and Auditors fees | 4 |

| | | | |
|------------------------------|-----|-----------------------------------|----|
| Establishment expenses | 56 | Interest on savings bank accounts | 70 |
| Discount on bills discounted | 200 | Postage and telegrams | 2 |
| Interest on current account | 45 | Sundry charges | 2 |
| Printing and advertisements | 3 | | |

(OR)

(b) Draft Balance Sheet of a Banking Company in Prescribed form as per Schedule III of Banking Companies Act with working notes.

C03: 18. (a) From the following balances extracted from the books of the K:4 L.I.C as at 31.03.2025, prepare a revenue A/c for the year ending 31.03.2025 in the prescribed form.

| Particulars | ₹ | Particulars | ₹ |
|----------------------------|----------|--------------------------------|-----------|
| Claims by death | 3,30,000 | Life assurance fund 1.4.2022 | 63,31,000 |
| Claims by maturity | 2,15,000 | Premiums | 20,65,000 |
| Agents & Canvassers Allow. | 26,500 | Bonus in reduction of premiums | 1,000 |
| Salaries | 44,200 | Income tax on int. and divi. | 5,700 |
| Travelling exp. | 1,200 | Printing & stationery | 13,900 |
| Directors fees | 8,700 | Postage & telegrams | 14,300 |
| Auditors fees | 1,000 | Receipt stamps | 2,300 |
| Medical fees | 52,000 | Reinsurance premiums | 40,950 |
| Commission | 2,18,000 | Interest & dividend (Gross) | 2,72,000 |
| Rent | 2,800 | Policy renewal fees | 9,600 |
| Law charges | 200 | Assignment fees | 540 |
| Advertising | 4,300 | Endowment fees | 690 |
| Bank charges | 1,500 | Transfer fees | 1,400 |
| General charges | 2,000 | | |
| Surrenders | 47,500 | | |

Provide ₹1,500 thousands for depreciation of furniture and ₹2,20,000 thousands for depreciation on investments.

(OR)

(b) Distinguish between Life Insurance and General Insurance.

C04 19. (a) Balance Sheets of C Ltd. and D Ltd. as at 31st December, 2025
K: 6 are as follows.

| Liabilities | C Ltd. (₹) | D Ltd. (₹) | Assets | C Ltd. (₹) | D Ltd. (₹) |
|---------------------------|------------|------------|----------------------------|------------|------------|
| Share Capital (₹ 10 each) | 2,00,000 | 1,00,000 | Sundry Assets | 1,32,500 | 1,38,200 |
| General Reserve | 18,000 | 20,000 | Goodwill | - | 20,000 |
| Profit and Loss A/c | 24,500 | 23,000 | Shares in D Ltd. (at cost) | 1,40,000 | - |
| Creditors | 30,000 | 15,200 | | | |
| Total | 2,72,500 | 1,58,200 | | 2,72,500 | 1,58,200 |

In the case of D Ltd., profit for the year ended 31st December 2025 is ₹ 12,000 and transfer to reserve is ₹ 5,000. The holding of C Ltd. in D Ltd. is 90% acquired on 30th June 2025.

Draft a consolidated Balance Sheet of 'C' Ltd. and its subsidiary.

(OR)

(b) Discuss the accounting treatment for preparing Consolidated Balance Sheet in Holding and Subsidiary company.

C05 20. (a) The following particulars relate to a company which went into
K: 4 voluntary liquidation. Prepare Liquidator's Final Statement of Account. At that time allow 2% remuneration to Liquidator on the amount realised and 3% on the amount distributed to unsecured creditors.

| | |
|--------------------------|------------|
| Unsecured creditors - | ₹ 2,80,000 |
| Preferential creditors - | ₹ 20,000 |
| Debentures - | ₹ 1,90,000 |
| Share capital - | ₹ 2,00,000 |
| Assets realised: | |
| Cash in hand - | ₹ 21,500 |
| Land & Buildings - | ₹ 1,30,000 |
| Plant & Machinery - | ₹ 1,80,000 |
| Furniture - | ₹ 20,000 |

(OR)

(b) Analyze the order of payment and distribution of assets in liquidation.