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**M.Com. 3rd Semester Examination, 2024**

**COMMERCE**

**PAPER – COM-303 AF**

**Corporate Accounting**

*Full Marks : 50*

*Time : 2 hours*

**Answer all questions**

*The figures in the right hand margin indicate marks*

*Candidates are required to give their answers in their own words as far as practicable*

**PAPER – COM-303AF.1**

[ Marks : 20 ]

1. Answer any *two* of the following questions :

- (a) (i) Distinguish between amalgamation <sup>5 × 2</sup> and absorption.

( Turn Over )

(ii) The following are the Balance Sheets of Ishita Ltd. and Joyeta Ltd. as on 31.12. 2023 :

Liabilities	Ishita Ltd.	Joyeta Ltd.	Assets	Ishita Ltd.	Joyeta Ltd.
Share Capital of Rs. 10 each	1,00,000	80,000	Goodwill	28,000	15,000
Profit and Loss A/c	40,000	—	Sundry Assets	1,50,000	58,000
Sundry Creditors	50,000	16,000	Investments :		
			1000 shares in Joyeta Ltd.	12,000	—
			1200 shares in Ishita Ltd.	—	18,000
			Profit & Loss A/c	—	5,000
	1,90,000	96,000		1,90,000	96,000

Joyeta Ltd. is absorbed by Ishita Ltd., consideration being 4 shares of Ishita Ltd. for every 5 shares held in Joyeta Ltd. Calculate Purchase Consideration.

2 + 3

(b) The following is the Balance Sheet of Sudden death Ltd. as at 31.3.2024.

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Share Capital		Goodwill	90,000
5,000 Equity shares of Rs.100 each fully paid	5,00,000	Plant and Machinery	3,00,000
6% Cumulative Preference Shares of Rs.100 each fully paid	3,00,000	Sundry Fixed Assets	4,50,000
8% Debentures Rs. 4,00,000		Stock	2,00,000
Add :		Debtors	1,00,000
Outstanding		Cash and Bank	
Interest <u>96,000</u>	4,96,000	balance	50,000
Sundry Creditors	2,94,000	Profit & Loss Account	4,00,000
	<u>15,90,000</u>		<u>15,90,000</u>

Preference dividends are in arrear for 3 years.

The company feels that the worst is over and a suitable reconstruction scheme will

enable the company to regain the lost position in the market.

It is found that Plant and Machinery is worth Rs. 2,80,000, Sundry Fixed Assets are worth Rs. 4,10,000, Obsolete Stock amount to Rs. 30,000 and Provision for bad debt is Rs. 20,000.

You are required to calculate :

- (i) Expected losses to be written off for survival of the company
  - (ii) Sacrificed amount of different contributors with their compensation.
- 2 + 3
- (c) Discuss the Replacement Cost model of human resource valuation.

2. Answer any *one* of the following question :

- 10 × 1
- (a) The following are the balances in the accounts statements of NHPC Ltd. for the year 2024 :

	(Rs.,000)
Turnover	2500
Depreciation on plant and machinery	200
Dividend to ordinary shareholders	146
Total stock of all WIP and Finished goods :	
Opening stock	150
Closing stock	200
Raw material purchased	700
Raw Material :	
Opening Stock	80
Closing Stock	120
Printing and Stationery	29
Insurance Premium	20
Postal charges	18
Legal expenses	10
Auditor's remuneration	25
Packing material	5
Consumable stores	18
Retained profit for the year	288
Rent and rates	165
Other expenses	85
Interest on borrowings	40
Income tax for the year	276

Wages and Salaries	425
Directors' sitting fees	40
Managing Directors' remuneration	37
Employees State Insurance	30
P. F. contribution	28
Staff Welfare Fund contribution	5

Prepare Value Added Statement both under Generating and Distributive method.

(b) Omega Ltd. is to be liquidated. The summarised balance sheet as on 31st October, 2024 appears as follows :

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
4,00,000 Equity shares of Rs.10 each fully paid	40,00,000	Land & Building	18,00,000
Secured Debentures (on Land and Building)	20,00,000	Other Non-current Assets	35,00,000
Unsecured Loans	40,00,000	Current Assets	50,00,000
Trade Creditors	15,00,000	Profit & Loss Account	12,00,000
	1,15,00,000		1,15,00,000

Note : Contingent Liabilities :

- (i) For bills discounted           Rs.1,00,000  
(ii) For customs duty demand   Rs. 2,50,000

On investigation, it is found that the contingent liabilities are certain to be paid in full and that the assets are to be realised as follows :

Land & Building	Rs. 23,00,000
Other Non-current Assets	Rs. 32,00,000
Current Assets	Rs.46,00,000

Considering the above, prepare the Statement of Affairs.

**PAPER – COM-303AF.2**

[ Marks : 20 ]

3. Answer any *two* questions of the following :  
5 × 2

- (a) An electricity company laid down a main at a cost of Rs. 50,00,000. Some years later, the company laid down an auxiliary main for one-fifth of the length of its old main at a cost of Rs. 15,00,000. The company also replaced the rest of the length of its old main at a cost of Rs. 60,00,000. The cost of replacing the old main has gone up for materials and labour by 15%. Sale of old materials realised Rs. 85,000 while old materials valued at Rs. 1,20,000 were used in renewal and those valued at Rs. 65,000 were used in the construction of auxiliary main.

Determine the amount to be capitalised and the amount to be written off to Revenue Account.

$$2\frac{1}{2} + 2\frac{1}{2}$$

- (b) Explain the terms 'Re-insurance' and 'Unexpired Risks Reserve' in the context of insurance business.

(c) Prepare Total Revenue Statement of PQR Municipal Corporation for the year ended 31st March 2024 :

Head of Account	For the year ended 31.3.2024	For the year ended 31.3.2023
Rental Income	Rs.8 Cr.	Rs. 8 Cr.
Income from dairy	Rs.2 Cr.	Rs. 1.8 Cr.
Income from Sale of Investment	Rs.15 Cr.	NIL
Income from Dividend	Rs.1 Cr.	Rs. 1.2 Cr.
Interest Income	Rs.2 Cr.	Rs. 2 Cr.
Proceeds from sale of land	Rs.35 Cr.	NIL
Compensation Received	Rs.4 Cr.	Rs. 3 Cr.
Grant Received	Rs.12 Cr.	Rs. 10 Cr.
Fees Received	Rs.0.25 Cr.	Rs. 0.2 Cr.
Proceeds from selling trees	Rs.0.75 Cr.	NIL

4. Answer any *one* of the following question :

10 × 1

(a) Prepare Consolidated Profit & Loss Account and Minority Interest from the following Balance Sheet abstracts as at 31.3.2021.

Assets	A Ltd. (Rs.)	B. Ltd. (Rs.)	C. Ltd. (Rs.)
Fixed Assets	1,20,000	2,22,000	1,40,000
Investment :			
Shares in B Ltd.	3,40,000	—	—
Shares in C Ltd.	72,000	2,12,000	—
Sundry Debtors B Ltd.	73,000 32,000	84,200 —	1,06,000 —
Liabilities	A Ltd. (Rs.)	B. Ltd. (Rs.)	C. Ltd. (Rs.)
Share Capital	5,00,000	4,00,000	2,40,000
Reserve	72,000	40,000	28,800
Profit & Loss Account	64,000	8,000	20,400
Sundry Creditors	28,000	20,000	—
A Ltd. Balance	—	28,000	—

*Additional Information :*

- The share capital of all companies are divided into Rs. 100 each.
- A Ltd. holds 3,000 shares of B Ltd. and 600 shares of C Ltd.
- B Ltd. holds 1,600 shares of C Ltd.
- All investments were made on 30.9.2020.
- Balance as on 1st April, 2020 were as follows :

	B Ltd.	C Ltd.
Reserve	Rs. 36,000	Rs. 24,000
Profit & Loss		
Account	Rs. 4,000	Rs. 3,360

5 + 5

- (b) Prepare Schedule 1 for Premium Account and Schedule 3 for Operating expenses account of XYZ Life Insurance Company from the following information :

Head of Account	For the year ended 31.3.2024 in Rs.(Cr.)	For the year ended 31.3.2023 in Rs.(Cr.)
Salary	50	48
Travel	15	16
Training Expenses	10	12
First Year premium	55	48
Renewal premium	45	42
Single premium	30	28
Premium received outside India	5	6
Repairs	6	6
Printing	12	14
Depreciation	3	2
Electricity Charges	5	4
Legal Charges	8	6
Advertising	10	8
Medical fees	4	4
Auditors' fees	2	2

**[ Internal Assessment – 10 Marks ]**