

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2015-16 and thereafter)
SUBJECT CODE: 15CM/PC/CA34
M.Com. DEGREE EXAMINATION NOVEMBER 2019
COMMERCE
THIRD SEMESTER

COURSE : CORE
PAPER : CORPORATE ACCOUNTING
TIME : 3 HOURS **MAX. MARKS: 100**

SECTION – A

ANSWER ANY SIX QUESTIONS: (6x10=60)

- Describe in detail the methods of accounting for Amalgamation.
- What are the various methods of Winding up of a company? Explain.
- M Ltd. and N Ltd. agreed to amalgamate on the basis of the following balance sheets as on 31.3.2018.

Liabilities	M (Rs.)	N (Rs.)	Assets	M (Rs.)	N (Rs.)
Share capital: Rs. 25 each	75,000	50,000	Goodwill	30,000	-
Profit & Loss a/c	7,500	2,500	Fixed assets	31,500	38,800
Creditors	3,500	3,500	Stock	15,000	12,000
Depreciation fund	-	2,500	Debtors	8,000	5,200
			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.

- On 31st March 2018 the balance sheet of H Ltd. and its subsidiary S Ltd. stood as follows:

Liabilities	H Ltd. (Rs.)	S Ltd. (Rs.)	Assets	H Ltd. (Rs.)	S Ltd. (Rs.)
Equity Share capital	8,00,000	2,00,000	Fixed assets	5,50,000	1,00,000
General Reserve	1,50,000	70,000	75% shares in S Ltd. (at cost)	2,80,000	-
Profit & Loss A/c	90,000	55,000	Stock	1,05,000	1,77,000
Creditors	1,20,000	80,000	Other current assets	2,25,000	1,28,000
	11,60,000	4,05,000		11,60,000	4,05,000

Draw a consolidated Balance sheet as at 31st March, 2018 after taking into consideration the following information:

- H Ltd. acquired the shares on 31st July, 2017.
- S Ltd. earned profit of Rs.45,000 for the year ended 31st March, 2018.
- In January 2018 S Ltd. sold to H Ltd. goods costing Rs.15,000 for Rs.20,000. On 31st March, 2018 half of these goods were lying as unsold in the godown of H Ltd. Give your working notes.

- Prepare in the proper statutory form, the revenue account of the ABC Life Assurance Co. Ltd., for the year ended 31st March 2018 from the following figures.

Rs. ('000)		Rs. ('000)	
Claims by death	76,140	Exp. of Management	31,920
Claims by maturity	30,110	Commission	9,574
Premiums	7,05,690	Interest, dividend & rent	97,840
Transfer fees	129	Income tax thereon	35,710
Consideration for annuities granted	82,127	Surrenders	13,140
Annuities paid	53,461	Bonus in reduction of premium	980
Bonus paid in cash	2,416	Dividend paid to shareholders	5,500
		Life assurance fund (1.4.2017)	15,21,000

Paid up share capital of the above life assurance company is Rs.5,00,000 Thousands and net liability as per actuary's valuation is Rs.11,05,000 Thousands as on 31.3.2018. Prepare a valuation Balance sheet of the company as on that date.

6. Life fund of a life assurance company was Rs.86,48,000 as on 31-3-2018. The interim bonus paid during the intervaluation period was Rs.1,48,000. The periodical actuarial valuation determined the net liability at Rs.74,25,000. Surplus brought forward from the previous valuation was Rs.8,50,000. The directors of the company proposed to carry forward Rs.9,31,000 and to divide the balance between the shareholders and the policy holders in the ratio of 1:10.

Show: (a) the valuation Balance sheet
(b) the net profit for the valuation period
(c) the distribution of the surplus

7. From the following information prepare the Profit and Loss Account of ABC Bank Ltd. for the year ended on 31st March 2018 in the prescribed form.

Rs.		Rs.	
Interest on loan	2,59,000	Rent & Taxes	18,000
Interest on fixed deposits	2,75,000	Interest on overdraft	1,54,000
Rebate on bills discounted required	49,000	Directors fees	3,000
Commission	8,200	Auditors fees	1,200
Establishment	54,000	Interest on savings bank deposits	68,000
Discount on bills discounted	1,95,000	Postage and telegrams	1,400
Interest on cash credit	2,23,000	Printing and stationery	2,900
Interest on current account	42,000	Sundry charges	1,700

Bad debts to be written off amounted to Rs.40,000. Provision for taxation may be made @ 55%. Balance of profit from last year was Rs.1,20,000. The directors have recommended a dividend of Rs.20,000 for the shareholders.

8. On 31.3.2018 the date of liquidation of a company, its Balance sheet was as under:

Liabilities	Rs.	Assets	Rs.
Share capital:		Land & Buildings	4,00,000
7% Preference Shares	3,00,000	Plant & Machinery	1,60,000
6,000 equity shares of Rs.10 each,	48,000	Stock	4,00,000
Rs.8 paid up 3,000 equity shares of	21,000	Debtors	6,40,000
Rs.10 each, Rs.7 paid up	12,00,000	Cash at bank	51,000
6% Debentures of Rs.100 each	72,000		
Outstanding interest on debentures	8,000		
Creditors	2,000		
Bills payable			
	16,51,000		16,51,000

The assets were realized as under:

Land & Buildings Rs.3,50,000; Plant & Machinery – Rs.2,00,000; Debtors – Rs.6,00,000; Stock – Rs.4,61,000; Liquidation expenses – Rs.2,000.

Remuneration of liquidator: ½ % on the assets realized including cash and 1 % on the amount paid to unsecured creditors.

Creditors shown in the Balance sheet included – Rs.2,000 preferential. Interest on debenture is to be paid up to 31.05.2018.

Dividend on preference shares is in arrears for 1 ½ years. Legal charges Rs.1,000.

SECTION – B

ANSWER ANY TWO QUESTIONS:

(2x20=40)

9. Explain the concept of
 - a. Human Resource Accounting
 - b. Inflation Accounting
 - c. Forensic Accounting
10. Explain the steps involved in preparation of consolidated Balance sheet in detail.
11. From the following, you are required to prepare the Profit & Loss Account and the Balance sheet of Madras Bank Ltd., as on 31-12-1980 according to Banking regulation Act 1949.

Trial Balance as on 31-12-1980

	Rs. in Thousands	Rs. in Thousands
Issued capital: 20,000 shares of Rs.100 each	-	2,000
Money at call and short notice	800	--
Reserve fund	-	700
Cash in hand	650	-
Deposits	-	2,500
Cash at bank	950	-
Borrowings from SBI	-	500
Investments in Government securities	900	-
Secured loans	1,500	-
Cash credits	500	-
Premises less depreciation	580	-
Furniture less depreciation	120	-
Rent	5	60
Interest and discount	-	800
Commission and brokerage	-	70
Interest paid on deposits	300	-
Salary and allowances paid to staff	150	-
Interest paid on borrowings	50	-
Audit fees	10	-
Directors' fees	8	-
Non-banking assets	80	-
Depreciation on bank's property	13	-
Printing	3	-
Advertisements	1	-
Stationery	5	-
Postage and telegrams	2	-
Other expenses	3	-
	6,630	6,630

Adjustments:

- (a) Provide Rs.20, 000 for doubtful debts.
- (b) Provide Rs.10, 000 on bills discounted but not matured on 31-12-1980
- (c) Acceptances and endorsements on behalf of customers amounting to Rs.4, 00,000.
- (d) Provide Rs.60, 000 for taxes.

12. The following are the Balance sheets of X Ltd. and Y Ltd. as on 31.3.2004.

Liabilities	X	Y	Assets	X	Y
5,000 8% pref. shares of Rs.100 each	5,00,000		Goodwill	-	15,000
1,50,000 Equity shares of Rs.10 each	15,00,000		Buildings	7,40,000	-
40,000 Equity shares of Rs.10 each	-	4,00,000	Machinery	16,38,000	-
Capital Reserve	4,60,000	-	Furniture	27,000	50,000
General Reserve	3,50,000	1,00,000	Patents	60,000	-
Profit & loss A/c	80,000	15,000	Motor vehicles	-	70,500
Creditors	70,000	25,000	Stock	4,05,000	2,60,000
	29,60,000	5,40,000	Debtors	80,000	1,29,000
			Bank	10,000	15,500
				29,60,000	5,40,000

A new company 'Z' Ltd. was formed to take over the business of X Ltd. and Y Ltd. on the following terms:

- (a) Z Ltd. to allot 5,000 10% fully paid preference shares of Rs.100 each and 2,00,000 fully paid equity shares of Rs.10 each to satisfy the claim of Preference and Equity share holders of X Ltd. respectively.
- (b) Z Ltd. to allot 44,000 fully paid equity shares of Rs.10 each to be distributed to Y Ltd. shareholders.
- (c) Mr. 'Z' who mooted the scheme of amalgamation is to be allotted 500 fully paid Equity shares of Rs.10 each in consideration of his services.
- (d) Expenses of Liquidator of Y Ltd. Rs.3,000 to be borne by Z Ltd.
- (e) Z Ltd. made a public issue of 20,000 Equity shares of Rs.10 each for cash at 20% premium. Preliminary expenses of Z Ltd. amounted to Rs.8,500. Assuming that the amalgamation is the nature of merger, you are required to show (1) Computation of Purchase consideration; (2) Ledger Accounts to close the books of X Ltd. and (3) Journal and Balance sheet in the books of Z Ltd.
