

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2015-16 and thereafter)

SUBJECT CODE: 15CM/MC/CO65

B.Com.(A&F) DEGREE EXAMINATION SEPTEMBER 2020

ACCOUNTING & FINANCE

SIXTH SEMESTER

COURSE : MAJOR – CORE

PAPER : ADVANCED CORPORATE ACCOUNTING

TIME : 90 MINUTES

MAX. MARKS: 50

Section-A

Answer all the Questions

(3X2=6)

1. Who are preferential creditors?
2. Pass the journal entry for reducing 5,000 equity shares of Rs.10 each to fully paid equity shares of Rs.6 each.
3. Calculate the net claims in the Revenue a/c of an Insurance company:
Claims paid for the year ended 31.3.2016 Rs.5,75,000
Claims outstanding on 1.4.2015 Rs.55,000
Claims outstanding on 31.3.2016 Rs.98,000
Claims covered under reinsurance Rs.28,000

Section-B

Answer any Three Questions

(3X8=24)

4. From the following Profit and Loss account of 'S' Ltd., for the year ended 31.3.2017 and additional data given, calculate commission due to Managing director at 5% of net profit.
Salary of Managing Director is to be treated as part payment of commission:

Profit and Loss account for the year ended 31.3.2017

Particulars	Amt (Rs)	Particulars	Amt (Rs)
To opening stock	10,000	By sales	1,80,000
To Bonus(including Rs.500 as ex-gratia to employee)	6,000	By Closing stock	25,000
To Director's fees	3,000	By other income	
		Discount	4,000
		Profit on sale of	
		Fixed assets	2,000
			6,000
To Managing director:			
Salary - 3000			
Commission- 1000	4,000		

To Development Rebate Reserve	1200		
To Provision for tax	3,000		
To Establishment expenses	42,000		
To Loss on sale of Investments	400		
To Net profit c/d	1,41,400		
	2,11,000		2,11,000

The book value of the fixed assets sold was Rs 4,000 and their original cost was Rs 4,600.

5. A Co. Ltd. and B Co. Ltd. decide to amalgamate. A new company C Co. Ltd. is formed.

	A Ltd Rs.	B Ltd Rs.		A Ltd. Rs.	B Ltd. Rs.
Capital: 1,00,000 equity shares of Rs.20 each	20,00,000		Fixed Assets:		
50,000 equity shares of Rs.20 each		10,00,000	Goodwill	3,80,000	1,20,000
Reserve Fund	5,80,000	3,50,000	Buildings	10,00,000	5,00,000
Profit & Loss a/c	2,20,000	1,50,000	Plant & Machinery	6,00,000	3,90,000
Current liabilities:			Patents	1,70,000	--
Trade Creditors	1,90,000	95,000	Current Assets:		
Creditors for expenses	10,000	5,000	Stock	2,60,000	1,80,000
			Book debts	4,20,000	3,50,000
			Cash in hand and at Bank	1,70,000	60,000
	30,00,000	16,00,000		30,00,000	16,00,000

Calculate the amount payable to each company as purchase consideration and pass journal entries in the books of the purchasing company.

6. From the following information relating to Royal Bank Ltd., prepare the Profit & Loss a/c for the year ended 31st December 2019.

	(Amount in Rs.)		(Amount in Rs.)
Rent received	72,000	Salaries & allowance	2,18,800
Exchange and Commission (Cr)	32,000	Postage	5,600
Interest on fixed deposits	11,00,000	Sundry Charges	4,000
Interest on savings bank a/c	2,72,000	Director's Fees	16,800
Interest on Overdrafts	2,16,000	Printing	8,000

Discount on bills discounted	7,80,000	Law charges	3,600
Interest on current accounts	1,68,000	Locker rent	1,400
Interest on Cash credits	8,92,000	Transfer fees	2,800
Depreciation on bank property	20,000	Interest on loans	10,36,000

7. The following particulars relate to a limited company which went into liquidation:

Preferential creditors Rs.50,000

Unsecured creditors Rs.1,16,000

8% Debentures Rs.60,000

The assets realized Rs.1,60,000. The expenses of liquidation amounted to Rs.3,000 and the liquidator's remuneration was agreed at 2.5% on the amount realized and 2% on the amount paid to unsecured creditors including preferential creditors.

Show the liquidator's final statement of account.

SECTION- C

Answer any ONE question:

(1 x 20 = 20)

8. Aramco Ltd. was registered with an authorized capital of Rs 6 lakhs in equity shares of Rs 10 each. The following is the Trial Balance on 31.3.2018.

Particulars	Debit (Rs)	Credit (Rs)
Goodwill	25,000	
Cash	750	
Bank	39,900	
Purchases	1,85,000	
Share Capital		4,00,000
Preliminary expenses	5,000	
12% Debentures		3,00,000
P& L a/c (Cr)		26,250
Calls- in – arrears	7,500	
Premises	3,00,000	
Plant & Machinery	3,30,000	
Interim Dividend	39,250	
Sales		4,15,000
Stock(1.4.2017)	75,000	
Furniture & fixtures	7,200	
Sundry Debtors	87,000	
Wages	84,865	
General expenses	6,835	

Freight & Carriage	13,115	
Salaries	14,500	
Directors fees	5,725	
Bad debts	2,110	
Debenture interest paid	18,000	
Bills Payable		37,000
Sundry Creditors		40,000
General Reserve		25,000
Provision for bad debts		3,500
	12,46,750	12,46,750

Prepare P & L account and Balance Sheet after making the following adjustments:

- Depreciate plant & Machinery by 15%
- Write off Rs 500 from preliminary expenses.
- Provide for 6 months interest on debentures.
- Make a provision for bad & doubtful debts @ 5% on debtors.
- Provide for income tax @ 50%
- Stock on 31.3.2018 was Rs 95,000.

9. The Balance Sheet of Arora Ltd. as on 31.12.2017 is given below :

Liabilities	Rs.	Assets	Rs.
Authorised Capital :		Fixed Assets	4,00,000
10,000 Equity shares of Rs. 100 each	10,00,000	Investments	2,00,000
20,000 9% Preference Shares of Rs. 10 each	2,00,000	Bank Balance	10,000
Issued and Paid up Capital	<u>12,00,000</u>	Other Current Assets	3,70,000
5,000 Equity Shares of Rs 100 each fully paid up			
9% Redeemable Preference Shares of Rs. 10 each fully paid up	5,00,000		
Profit and Loss Account	2,00,000		
Current Liabilities	1,60,000		
	1,20,000		
	<u>9,80,000</u>		<u>9,80,000</u>

On 1.1.2018, the company

- Redeemed the Preference Shares at a premium of Rs. 2 per share;

- b) Realized Investments at a value of Rs. 1,60,000;
- c) Issued at a premium of Rs. 40 per share such a number of Equity Shares for the aforesaid redemption as to ensure that, after the compliance with the requirements of the Companies Act in regard to redemption of Preference Shares, the Credit Balance in Profit & Loss A/c would be Rs. 25,000;
- d) Issued as bonus equity shares at par at the rate of one share for every 20 shares held on 31.12.2017

You are required to show

- a) the necessary Journal Entries to record the above transactions (including cash), and
- b) the Balance Sheet as on the completion of the above transactions
