

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.**  
**(For candidates admitted during the academic year 2019-20 and thereafter)**

**COURSE CODE: 19CM/PC/AC34**

**M.COM DEGREE EXAMINATION DECEMBER 2020**

**COMMERCE**

**THIRD SEMESTER**

**COURSE : MAJOR – CORE**

**PAPER : ADVANCED CORPORATE ACCOUNTING**

**TIME : 90 MINUTES**

**MAX. MARKS: 50**

**Section - A**

**(3 x 10 = 30)**

**Answer any three questions:**

1. The following are the balances of Indus Bank Ltd. for the year ended 31.12.2017:

	<b>Rs.</b>		<b>Rs.</b>
Interest on loans	5,18,000	Interest on current account	84,000
Interest on fixed deposits	5,50,000	Rent and taxes	36,000
Commission received	16,400	Interest on overdrafts	3,08,000
Salaries and Allowances	1,08,000	Director's fees	8,400
Discount on bills discounted	3,90,000	Interest on savings accounts	1,36,000
Interest on cash credits	4,46,000	Postage	8,600
Locker Rent	2,000	Transfer fee	1,400
Depreciation on bank property	10,000	Sundry charges	3,400

**Other information:**

- a. Rebate on bills discounted Rs.98,000.
  - b. Bad debts Rs.80,000.
  - c. Provision for income tax Rs.3,00,000.
  - d. Credit balance of Profit and Loss brought forward Rs.2,35,600.
- From the above information, prepare the Profit and Loss account of the bank for the year ended 31.12.2017.
2. A Life Insurance Company got its valuation made once in every three years. The Life Assurance Fund on 31.3.2015 amounted to Rs.53,83,000 before providing for Rs.50,000 for the shareholders' dividend for the year 2013-14. Its actuarial valuation on 31.3.2015 disclosed a net liability of Rs.34,54,000 under the assurance and annuity contracts. It was decided by the company to write down the investments in balance sheet from Rs.4,56,000 to Rs.2,20,000. The investment fluctuation fund amounted to Rs.2,00,000. An interim bonus of Rs.60,000 was paid to the policy holders during the period ending 31.3.15. Prepare a statement showing the amount due to policy holders. Also draft journal entries for utilization of surplus.

3. The following particulars relate to Gorgoi Limited Company which has gone into voluntary liquidation. You are required to prepare the Liquidator's Statement of Account allowing for his

remuneration @ 2½% on all assets realized (excluding call money received) and 2% on the amount paid to unsecured creditors including preferential creditors.

Share capital issued:

10,000 Preference shares of Rs.100 each fully paid up.

50,000 Equity shares of Rs.10 each fully paid up.

30,000 Equity shares of Rs.10 each, Rs.8 paid up.

Assets realized Rs.23,20,000 (including the amount realized by sale of securities held by partly secured creditors).

	<b>Rs.</b>
Preferential creditors	50,000
Unsecured creditors	18,00,000
Partly secured creditors (Assets realized Rs.3,20,000)	3,00,000
Debenture holders having floating charge on all assets of the company	6,00,000
Expenses of liquidation	10,000

A call of Rs.2 per share on the partly paid equity shares was duly received except in case of one shareholder owning 1,000 shares.

4. Prepare the Fire Insurance Revenue A/c as per IRDA regulations for the year ended 31st March, 2008 from the following details :

	Rs.		Rs.
Legal expenses regarding claims	10,000	Commission on reinsurance ceded	3,000
Premiums received	13,00,000	Commission on reinsurance accepted	5,000
Re-insurance premium paid	1,00,000	Additional reserve on April 1, 2007	60,000
Commission on direct business	3,00,000	Claims paid	4,90,000
Expenses of Management	2,00,000	Interest, dividend, and rent (gross)	10,000
Provision against unexpired risk on 1st April, 2007	5,50,000	Claims unpaid on 1st April 2007	50,000

The additional reserve for unexpired risk is to be continued. Claims unpaid on 31<sup>st</sup> March 2008 Rs.80,000.

## Section - B

**Answer any One Question:****(1 x 20 = 20)**

5. Aaron Ltd. acquired 1,600 ordinary shares of Bax Ltd. of Rs.100 each on 31<sup>st</sup> December 2016. The summarized balance sheets of Aaron Ltd. and Bax Ltd. as on that date were as under:

	Aaron Ltd.	Bax Ltd.		Aaron Ltd.	Bax Ltd.
Capital 5,000 shares of Rs.100 each 2,000 shares of Rs.100 each	5,00,000	2,00,000	Land and Buildings	1,50,000	1,80,000
Capital Reserve		1,20,000	Plant & Machinery	2,40,000	1,09,400
General Reserve	2,40,000	-	Investments in Bax Ltd. at cost	3,40,000	
Profit and Loss a/c	57,200	36,000	Stock	1,20,000	36,000
Bank overdraft	80,000	-	Sundry debtors	44,000	40,000
Bills payable (including Rs.4,000 to Aaron Ltd.)	-	8,400	Bills receivable (including Rs.3,000 from Bax Ltd.)	15,800	-
Creditors	47,100	9,000	Cash and Bank	14,500	8,000
	<b>9,24,300</b>	<b>3,73,400</b>		<b>9,24,300</b>	<b>3,73,400</b>

The following information is supplied:

- Bax Ltd. had made a bonus issue on 31<sup>st</sup> December 2016 of one ordinary share for every two shares held by its shareholders. Effect has yet to be given in the accounts for this issue.
  - The directors are advised that Land and Buildings of Bax Ltd. are undervalued by Rs.20,000 and Plant and Machinery of Bax Ltd. overvalued by Rs.10,000. These assets have to be adjusted accordingly.
  - Sundry creditors of Aaron Ltd. include Rs.12,000 due to Bax Ltd.
- Prepare the consolidated balance sheet as at 31<sup>st</sup> December 2016.

6. The summarized balance sheets of Arun Ltd. and Bhatt Ltd. are as under:

Liabilities	Arun Ltd.	Bhatt Ltd.	Assets	Arun Ltd.	Bhatt Ltd.
Share capital of Rs.100 each	5,00,000	15,00,000	Goodwill	1,00,000	--
Capital Reserve	50,000		Plant & Machinery	4,20,000	6,50,000
General Reserve	20,000	2,00,000	Building	---	6,00,000
Development Rebate Reserve	40,000	--	Furniture	5,000	10,000
Profit and Loss a/c	---	1,20,000	Stock	2,10,000	3,80,000
6% Debentures	3,00,000	--	Debtors	1,80,000	2,30,000
Creditors	95,000	2,40,000	Cash and Bank	15,000	1,90,000

			New project	75,000	--
	<b>10,05,000</b>	<b>20,60,000</b>		<b>10,05,000</b>	<b>20,60,000</b>

Arun Ltd. was absorbed by Bhatt Ltd. on 1<sup>st</sup> April 2010 on the terms given below:

- a. Fixed assets taken over valued at Rs.5,00,000 including Rs.6,000 for furniture.
- b. Goodwill is taken over at book value.
- c. Stock taken over to be reduced by Rs.20,000 and debtors by 5%. Cash balance is taken over.
- d. Bhatt Ltd. to assume liabilities and 6% debentures.
- e. The new project is to be valued at Rs.95,000.
- f. The shareholders of Arun Ltd. to receive cash payment of Rs.30 per share plus four ordinary shares for every five shares held.
- g. Bhatt Ltd. to pay the liquidation expenses of Arun Ltd. amounting to Rs.6,000.

Draft journal entries in the books of Bhatt Ltd. and show the balance sheet of Bhatt Ltd. after amalgamation. Development Rebate Reserve of Arun Ltd. is to be continued in the books of Bhatt Ltd.

\*\*\*\*\*