

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2019-20 and thereafter)
SUBJECT CODE: 19CM/PC/AC34

M.Com. DEGREE EXAMINATION NOVEMBER 2022
COMMERCE
THIRD SEMESTER

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

SECTION – A

ANSWER ANY SIX QUESTIONS: (6x10=60)

- 1 a. Explain the various methods of winding up of Company.
 b. What are “preferential payments with regard to company liquidation?”
- 2.a. Why is “Provision for unexpired risk” created?
 b. Explain the meaning “Surrender value.”
3. The following particulars relate to a limited company which went into voluntary liquidation:

Preferential creditors	Rs. 25,000
Unsecured creditors	Rs. 58,000
6% Debentures	Rs. 30,000

The assets realized Rs. 80,000. The expenses of liquidation amounted to Rs.1500 and the liquidator’s remuneration was agreed at 2 1/2 % on the amount realized and 2% on the amount paid to unsecured creditors including preferential creditors. Show the liquidator’s final statement of account.

4. From the following Balance sheet relating to H Ltd and S Ltd. Prepare a consolidated Balance sheet

Balance sheet as on 31.12.2021

Liabilities	H Ltd	S Ltd	Assets	H Ltd	S Ltd
	Rs	Rs		Rs	Rs
Share capital (shares of Rs.10 each)	10,00,000	2,00,000	Sundry fixed assets	8,00,000	1,20,000
Profit & loss a/c	4,00,000	1,20,000	Stock	6,10,000	2,40,000
Reserves	1,00,000	60,000	Debtors	1,30,000	1,70,000
Creditors	2,00,000	1,20,000	Bills receivable	10,000	-----
Bills payable	-----	30,000	Shares in S Ltd at cost (15,000 shares)	1,50,000	-----
	17,00,000	5,30,000		17,00,000	5,30,000

- a) All profits of S Ltd have been earned after the shares were acquired by H Ltd. But there was already a reserve of Rs. 60,000 on that date.
- b) All the bills payable of S Ltd. Were accepted in favour of H Ltd.
- c) The stock of H Ltd includes Rs. 50,000 purchased from S Ltd. The profit added was 25% on cost.

5. From the following particulars relating to 'Z' insurance Co. Ltd, prepare Fire revenue a/c for the year ending 31.3.2015:

	Rs. In '000		Rs. In '000
Claims paid	4,80,000	Premium received	12,00,000
Claims outstanding on 1.4.14	40,000	Reinsurance premium paid	1,20,000
Claims intimated but not accepted & paid on 31.3.15	10,000	Commission	2,00,000
Claims intimated and accepted but not paid on 31.3.15	60,000	Commission on reinsurance ceded	10,000
Commission on reinsurance accepted	5,000	Provision for unexpired risk on 1.4.14	4,00,000
Expenses of management	3,05,000	Additional provision for unexpired risk on 1.4.14	20,000
Bonus in reduction of premium	12,000		

You are required to provide for additional reserve for unexpired risk at 1% of the net premium in addition to the opening balance.

6. The following is an extract from the Trial Balance of a bank as on Dec 31, 2021.

Bills discounted	50,00,000
Rebate on bills discounted 1.1.2021	20,057
Discount Received	1,50,000

The following unexpired bills are included in the bills discounted as shown above:

Date 1991	Amount	Term in months	Discounted @ % p.a
Oct 10	2,00,000	4	12
Nov 15	3,00,000	3	10
Dec 20	5,00,000	2	11

Find out the amount of discount received to be credited to P & L a/c and pass journal entries for the same. How will the items appear in the bank's balance sheet?

7. The following is the Balance Sheet of X Ltd. as on 31.3.2016

Liabilities	Rs.	Assets	Rs.
Share capital: 2,00,00 shares of Rs.10	200000	Land & Buildings	100000
General reserve	25000	Plant & Machinery	150000
Capital reserve	20000	Furniture	2500
Profit & Loss A/c	5100	Stock	60000
12% Debentures	100000	Work-in-progress	30000
Sundry creditors	30000	Sundry debtors	25000
		Cash at Bank	12600
	3,80,100		3,80,100

The company was absorbed by A Ltd. on the above date. The consideration for the absorption is the discharge of the debentures at a premium of 5 %, taking over the liability in respect of sundry creditors and a payment of Rs. 7 in cash and one share of Rs. 5 in A Ltd. at the market value of Rs. 8 per share for every share in X Ltd. The cost of liquidation of Rs. 5,000 is to be met by the purchasing company.

Write the journal entries and prepare ledger accounts in the books of X Ltd.

8. From the following particulars, prepare a profit and loss a/c of New Bank Ltd for the year ended 31.12.2016

Particulars	Rs. (in '000)	Particulars	Rs. (in '000)
Interest on loans	260	Interest on cash credits	225
Interest on fixed deposits	280	Rent and taxes	20
Rebate on bills discounted	50	Interest on overdrafts	56
Commission charged to customers	9	Director's and Auditor's fees	4
Establishment expenses	56	Interest and saving bank accounts	70
Discount on bills discounted	200	Postage and telegrams	2
Interest on current accounts	45	Sundry charges	2
Printing and advertisements	3		

SECTION – B

ANSWER ANY TWO QUESTIONS:

(2x20=40)

9. From the following, you are required to prepare the profit and loss a/c and the balance sheet of Madras Bank Ltd, as on 31.12.2020 according to banking regulation act 1949

Trial balance as on 31.12.2020

	Rs. In '000	Rs. In '000
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	---
Premium 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	----
Director's fees	8	----
Non – banking assets	80	----
Depreciation on banking properties	13	-----
Printing	3	-----
Advertisement	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 31.12.2020.
- c) Acceptances and endorsements on behalf of customers amounting to Rs.4,00,000
- d) Provide Rs. 60,000 for taxes.

10. The fast foods ltd went into voluntary liquidation on 31st Dec 2014. The balance in its books on that date were.

Liabilities	Rs	Assets	Rs
Share capital		Land and Buildings	2,50,000
Authorized and subscribed		Plant	6,25,000
5,000 6% cumulative	5,00,000	Patents	1,00,000
preference shares of Rs.100		Stock	1,37,500
each fully paid	1,87,500	Debtors	2,75,000
2,500 equity shares of Rs100		Cash at Bank	75,000
each, Rs 75 paid	4,50,000	Profit and Loss A/c	3,00,000
7,500 equity shares of Rs			
100each,Rs 60 paid			
5% Mortgage debentures	2,50,000		
Interest outstanding	12,500		
creditors	3,62,500		
Total	17,62,500		17,62,500

The liquidator is entitled to a commission of 3% on all assets realized except cash and 2% on amounts distributed among unsecured creditors other than preferential creditors.

Creditors include preferential creditors Rs 37,500 and a loan for Rs 1,25,000 secured by a mortgage on Land and Buildings. The Preference dividends were in arrears for two years.

The asset realised as follows:

Land and Buildings Rs. 3,00,000; Plant Rs. 5, 00, 000; Patents Rs 75, 000; Stock

Rs 1,50,000; Debtors Rs 2,00,000. The expenses of liquidation amounted to Rs 27, 250.

Prepare the liquidator's final statement of account.

11. Briefly explain the schedules prepared while finalizing accounts of a general insurance company.

12. a. Explain the different methods of calculating purchase consideration.

b. Write short note on "Minority Interest" and "cost of control"

c. Discuss the legal provisions relating to merger and acquisitions.
