

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

SUBJECT CODE: 15CM/PC/CA34

M.Com. DEGREE EXAMINATION NOVEMBER 2016
COMMERCE
THIRD SEMESTER

COURSE : CORE
PAPER : CORPORATE ACCOUNTING
TIME : 3 HOURS

MAX. MARKS: 100

SECTION – A

ANSWER ANY SIX QUESTIONS:

(6x10=60)

1. Describe the reasons for Merger and Acquisitions.
2. On 31st March, 2015 the balance sheets of H Ltd. and S Ltd. stood as follows:

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Share capital: Shares of Rs.10 each, fully paid	5,00,000	2,00,000	Sundry Assets	5,17,600	3,04,000
Reserves	1,00,000	50,000	60% shares in S Ltd. acquired on 31 st March 2015 (cost)	1,62,400	-
Creditors	80,000	60,000	Preliminary expenses	-	6,000
Total	6,80,000	3,10,000	Total	6,80,000	3,10,000

You are required to calculate;

- a) Capital profit
 - b) Minority Interest
 - c) Goodwill
 - d) Consolidated Balance sheet
3. The Life fund of a Life Insurance Company on 31-03-2015 showed a balance of Rs.54, 00,000. However, the following items were not taken into account while preparing the Revenue A/c for 2014-2015.
- | | |
|--|-----------|
| a) Interest and dividends accrued on investments | Rs.20,000 |
| b) Income tax deducted at source on the above | Rs. 6,000 |
| c) Reinsurance claims recoverable | Rs. 7,000 |
| d) Commission due on reinsurance premium paid | Rs.10,000 |
| e) Bonus in reduction of premiums | Rs. 3,000 |

You are required to ascertain the True Life Assurance Fund.

4. On 31st March 2015 a bank held the following bills, discounted by it earlier:

Date of bill 2015	Term of bill(months)	Discounted@% p.a	Amount of bill (Rs.)
January,17	4	17	7,30,000
February, 7	3	18	14,60,000
March, 9	3	17.5	3,64,000

You are required to calculate the rebate on bills discounted. Also show the necessary journal entry for the rebate.

5. A Company went into voluntary liquidation on 31.3.2015; when the following Balance sheet was prepared:

Liabilities	Rs.	Assets	Rs.
Authorized capital: 4,000 shares of Rs.10 each	40,000	Goodwill	6,960
Issued capital: 3,000 shares of Rs.10 each	30,000	Freehold property	5,000
Unsecured creditors	15,432	Machinery	7,480
Partly secured creditors	5,836	Stock	11,710
Preferential creditors	810	Debtors	9,244
Bank overdraft(unsecured)	232	Cash	100
		Profit and Loss A/c	11,816
Total	52,310	Total	52,310

The liquidator realized the assets as follows:

Freehold property which was used in the first instance to pay the partly secured creditors pro-rata Rs.3,600; Machinery Rs.5,000; Stock Rs.6,200; Debtors Rs.8,700; Cash Rs.100.

The expenses of liquidation amounted to Rs.100 and the liquidator's remuneration was agreed at 2.5% on the amount realized including cash and 2% on the amount paid to unsecured creditors.

Prepare the liquidator's final statement of account.

6. What is liquidation? State the various modes of liquidating a company?

7. A Truck dealer acquired 6 trucks on 1-1-2014 at Rs.2, 00,000 each. His capital on that date was Rs.12, 00,000. During the year he sold 4 trucks at an average price of Rs.3, 00,000. The replacement dealer price of the truck on 31-12-2014 was Rs.2, 40,000. General Price level went up by 10% during the year. You are required to prepare Comparative income statement under HCA, CPP and CCA methods, clearly showing the realized and unrealized holdings gains & balance sheet under all the three methods.
8. Describe the advantages of Human Resources Accounting.

SECTION – B

ANSWER ANY TWO QUESTIONS:

(2x20=40)

9. X Ltd. Purchased 750 shares in Y Ltd on 1-7-2014. The following were their Balance sheet on 31-12-2014.

Liabilities	X Ltd Rs.	Y.Ltd Rs.	Assets	X Ltd Rs.	Y Ltd Rs.
Share capital: Shares of Rs.100 each	3,00,000	1,00,000	Buildings	2,05,000	1,25,000
General Reserve on 1.1.94	1,00,000	70,000	Stock	1,00,000	80,000
Profit and Loss A/c	1,00,000	60,000	Debtors	1,00,000	40,000
Creditors	80,000	40,000	Investment in Y Ltd.	1,00,000	-
Bills payable	50,000	20,000	Bills Receivable	40,000	45,000
Current Account: X.Ltd	-	20,000	Cash at bank	60,000	20,000
			Current Account: Y Ltd.	25,000	-
Total	6,30,000	3,10,000	Total	6,30,000	3,10,000

Additional information:

- Bills receivable of X Ltd. Include Rs.10, 000 accepted by Y Ltd.
 - Debtors of X Ltd. include Rs.20,000 payable by Y Ltd.
 - A cheque of Rs.5,000 sent by Y Ltd. On 28th December was not yet received by X Ltd. On 31st December 2014.
 - Profit and Loss account of Y Ltd. Showed a Balance of Rs.20,000 on 1.1.2014. You are required to prepare a consolidated Balance sheet of X Ltd. and Y Ltd as on 31-12-2014.
10. What are the schedules prepared to finalize Life Insurance Accounts?

11. The following is the Trial Balance of the Mays Nagari Bank Limited as on 31-12-2014.

Particulars	Debit balances Rs.	Credit balances Rs.
Silver	13,00,000	
Cash on hand	40,30,000	
Provident fund investment	10,00,000	
Other investments in government securities	40,00,000	
Buildings	56,92,700	
Depreciation on buildings	4,10,300	
Bad debts	80,000	
Loans	3,00,00,000	
Cash credit and overdrafts	40,00,000	
Furniture	64,00,000	
Stationery stock	51,000	
Balance with Rajkot Bank	10,00,000	
Balance with RBI	30,00,000	
Bills purchased and discounted	10,00,000	
Interest on deposits	60,00,000	
Salaries	80,00,000	
Contribution of P.F	8,00,000	
Gold	24,00,000	
Share capital		1,15,00,000
Statutory reserve		1,15,00,000
Savings accounts		1,76,24,000
Demand drafts		13,40,000
Rebate on bill discounted 1-1-2014		2,90,000
Interest and discount		1,44,00,000
Commission and brokerage		18,00,000
Locker rent		1,00,000
Cash certificates		30,00,000
Traveler's Cheques		8,00,000
Provident fund		10,00,000
Interest on P.F investments		1,00,000
Income tax deducted at source from employees salary		10,000
Fixed deposits		1,12,00,000
Current accounts		45,00,000
Total	7,91,64,000	7,91,64,000

Prepare Banks profit and Loss Account and Balance Sheet considering the following information:

1. Bills for collection are Rs.12,00,000 on 31-12- 2014 on
2. Depreciation on buildings to be increased up to 10% on the book value given
3. Average due date on all the bills discounted is 14th March and the average discount rate is 10%.

12. Define Inflation Accounting and explain the different methods of Inflation Accounting.
