

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 2017
COMMERCE
THIRD SEMESTER

COURSE : CORE
PAPER : CORPORATE ACCOUNTING
TIME : 3 HOURS

MAX. MARKS: 100

SECTION – A

ANSWER ANY SIX QUESTIONS:

(6x10=60)

1. Distinguish between pooling of interest method and purchase method of amalgamation.
2. a) State the objectives of human resources accounting.
b) Give a note on Forensic accounting
3. Rose Ltd. is absorbed by Jasmine Ltd.
The consideration is as under.
 - i. The taking over of the trade liabilities of Rs.60,000
 - ii. The payment of cost of absorption of Rs.14,000
 - iii. The payment of 11% Debentures of Rs.5,00,000 in the vendor company at a premium of 10% by the issue of 10% debentures in Jasmine Ltd.
 - iv. The repayment of Debentures of Rs.3,00,000 of Rose Ltd. at par.
 - v. A payment of Rs.30 per share in cash and the exchange of 4 fully paid shares in Jasmine Ltd. at a market price of Rs.15 per share for every Rs.5 share in Rose Ltd. which were 40,000 in number. Calculate the Purchase Consideration and give Journal entries.
4. The following are the balance sheets of H Ltd. and S Ltd. as at 31st March 2016:

Particulars	H Ltd	S Ltd
I. EQUITY AND LIABILITIES:	Rs.	Rs.
Shareholder's Funds:		
Share Capital : (Shares of Rs.10 each, fully paid)	20,00,000	5,00,000
Reserves	6,00,000	
Current Liabilities:		
Trade Payables	1,40,000	80,000
	27,40,000	5,80,000
II. ASSETS:		
Non Current Assets:		
Investments: (in 100% Shares of S Ltd, at cost)	5,20,000	
Current/Non-Current Assets:		
Sundry Assets	22,20,000	5,80,000
	27,40,000	5,80,000

Prepare a consolidated balance sheet as at 31st March 2016.

5. The Revenue account of a Life Insurance Company showed the life fund at Rs.73,17,000 on 31.3.2016 before taking into account the following items:

		Rs.
a.	Claims intimated but not admitted	98,250
b.	Bonus utilized in reduction of premium	13,500
c.	Interest accrued on investments	29,750
d.	Outstanding premiums	27,000
e.	Claims covered under re insurance	40,500
f.	Provision for taxation	31,500

Pass journal entries giving effect to the above adjustments and show the adjusted life fund.

6. On 31st March 2016 a bank held the following bills, discounted by it earlier:

	Date of bill 2016	Term of bill (months)	Discounted @% p.a.	Amount of bill Rs.
i)	January, 17	4	17	7,30,000
ii)	February, 7	3	18	14,60,000
iii)	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.

7. The following particulars relate to Notsowell Limited which went into voluntary liquidation:

	Rs.
Preferential creditors	25,000
Unsecured creditors	58,000
6% debentures	30,000
Assets realised	80,000

The expenses of liquidation amounted to Rs.1,500 and the liquidator's remuneration was agreed at 2.5% on the amount realised and 2% on the amount paid to unsecured creditors including preferential creditors.

Show the liquidators final statement of account.

8. The following are the balances of Indian Bank Ltd. For the year ended 31.12.2015

Interest on loans	Rs. 5,18,000
Interest on fixed deposits	Rs. 5,50,000
Commission Received	Rs. 16,400
Salaries and allowance	Rs. 1,08,000
Discount on bills discounted	Rs. 3,90,000
Interest on cash credits	Rs. 4,46,000
Interest on current account	Rs. 84,000
Rent and taxes	Rs. 36,000
Interest on overdrafts	Rs. 3,08,000
Directors fee	Rs. 8,400
Interest on saving accounts	Rs. 1,36,000
Postage	Rs. 8600
Lockers Rent	Rs.,2000
Transfer fee	Rs. 1400
Depreciation on bank property	Rs. 10,000
Sundry charges	Rs. 3400

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.

From the above information prepare the Profit and loss account of the bank for the year ended 31.12.2015.

SECTION – B

ANSWER ANY TWO QUESTIONS:

(2x20=40)

9. Write a note on
- Minority interest
 - Cost of control
 - Revenue profits
 - Capital profits
 - Abnormal loss
10. Discuss the legal provisions relating to Mergers and Acquisitions.
11. The following are the abridged balance sheets of P Ltd. and S Ltd. as on 31st March, 2016.

Liabilities	P Ltd (in Rs. 000)	S Ltd (in Rs.000)	Assets	P. Ltd (in Rs.000)	S Ltd (in Rs. 000)
Equity Share capital of Rs.10 each	8,000	3,000	Fixed Assets	11,000	4,730
10% Preference Share Capital of Rs.100 each	--	1,000	Current Assets	4,000	1,970
General Reserve	4,610	980			
Statutory Reserve	390	125			
Profit and Loss A/c	563	355			
12% Debentures	--	250			
Current Liabilities	1,437	990			
	15,000	6,700		15,000	6,700

On 1st April, 2016, P Ltd takes over S Ltd. on the following terms:

- P Ltd, will issue 3,50,000 equity shares of Rs.10 each at par to the equity shareholders of S Ltd.
- P.Ltd will issue 11,000 10% Preference shares of Rs.100 each at par to the Preference shareholders of S Ltd.
- The debentures of S Ltd. will be converted into an equal number of 12.5% debentures of the same denomination.

You are informed that the statutory reserves of S Ltd. are to be maintained for two more years. You are required to show the balance sheet of P Ltd. immediately after the above mentioned scheme of amalgamation has been implemented assuming that:

- The amalgamation is in the nature of merger; and
- The amalgamation is in the nature of purchase.

12. On 31st December 2016. The following balances stood in the books of Asian Bank Ltd., after preparation of its profit and Loss Account.

	Rs. (in '000)
Share capital:	
Issued and subscribed	4,000
Reserve fund (under section 17)	6,200
Fixed deposits	42,600
Savings bank deposits	19,000
Current accounts	23,200
Money at call and short notice	1,800
Investments	25,000
Profit and Loss Account(cr) 1 st Jan 2016	1,350
Dividend for 2015	400
Premises	2,950
Cash in hand	380
Cash with RBI	10,000
Cash with other banks	6,000
Bills discounted and purchased	3,800
Loans, cash credits and over drafts	51,000
Bills payable	70
Unclaimed dividend	60
Rebate on bills discounted	50
Short loans (borrowing from other banks)	4,750
Furniture	1,164
Other assets	336
Net Profit for 2016	1,550

Prepare balance sheet of the bank as on 31st December 2016.
