

**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 2018**  
**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 amalgamation and absorption.
2. State the uses of valuation balance sheet and draw the specimen of it.
3. Following is the balance sheet of Meera Ltd. as on 31<sup>st</sup> March 2017.

Liabilities	Rs.	Assets	Rs.
Share capital 8% Preference Share of Rs.100 each	3,75,000	Fixed Assets	16,25,000
Equity shares of Rs.10 each	7,50,000	Investments	3,00,000
General Reserve	4,50,000	Current Assets	2,50,000
7% Debentures	3,50,000		
Current Liabilities	2,50,000		
	21,75,000		21,75,000

Rainbow Ltd agreed to take over the business of Meera Ltd. Calculate purchase consideration under Net Assets method by valuing all assets and liabilities at book value.

4. The following are the balance sheets of H Ltd. and S Ltd. as 31<sup>st</sup> March, 2017:

Particulars	H Ltd	S Ltd
<b>I. EQUITY AND LIABILITIES:</b>	Rs.	Rs.
Shareholder's Funds:		
Share Capital		
(Share of Rs.10 each, fully paid)	20,00,000	5,00,000
Reserves	6,00,000	---
Current Liabilities		
Trade Payable	1,40,000	80,000
	27,40,000	5,80,000
<b>II. ASSETS:</b>		
Non Current Assets:		
Investments (in 60% Shares of S Ltd, at cost)	3,00,000	---
Current / Non-Current Assets:		
Sundry Assets	24,40,000	5,80,000
	27,40,000	5,80,000

Prepare a consolidated balance sheet as at 31<sup>st</sup> March, 2017.

5. Calculate the net claim to be debited to the revenue account of a life insurance company.

Claims paid for the year ended 31-3-16	5,75,000
Claims outstanding on 1-4-15	55,000
Claims outstanding on 31-3-16	98,000
Claims intimated but not accepted on 31-3-16	3,000
Claims covered under reinsurance	31,000
Legal expenses regarding claims	5,000
Medical expenses regarding claims	3,000
Survey expenses regarding claims	2,000

6. On 31<sup>st</sup> March 2017, Southern Commercial Bank Ltd., finds its advances classified as follows:

	(Rs.)
Standard assets	14,91,300
Sub-standard assets	92,800
Doubtful assets (secured)	
: doubtful for one year	25,660
: doubtful for one year to 3 years	15,640
: doubtful for more than 3 years	6,580
Loss assets	10,350

Calculate the amount of provision to be made by the bank against the above mentioned advances.

7. A liquidator is entitled to receive remuneration @ 2% of the assets realized and 3% on the amount distributed among the unsecured creditors. The assets realized Rs. 70,00,000 against which payment was made as follows:

Liquidation expenses Rs. 50,000

Preferential creditors Rs. 1,50,000 and

Secured creditors Rs. 40,00,000; Unsecured creditors : Rs. 30,00,000.

Calculate the total remuneration payable to the liquidator.

8. From the following information relating to Cosmo Bank Ltd., prepare the Profit & Loss A/c for the year ended 31<sup>st</sup> December, 2017.

	Rs.		Rs.
Rent received	72,000	Salaries and allowances	2,18,800
Exchange and commission	32,800	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 & Auditor's fees	16,800
Interest on overdrafts	2,16,000	Printing	8,000
Discount on bills discounts	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

### SECTION – B

ANSWER ANY TWO QUESTIONS:

(2x20=40)

9. The Balance sheets of C Ltd. and D Ltd. as at 31<sup>st</sup> December, 2017 are as follows:

Liabilities	C Ltd Rs.	D Ltd Rs.	Assets	C Ltd Rs.	D Ltd Rs.
Share capital (in shares of Rs. 10 each)	2,00,000	1,00,000	Sundry assets	1,32,500	1,38,200
General reserve	18,000	20,000	Goodwill	--	20,000
Profit & Loss A/c	24,500	23,000	Shares in D Ltd. at cost	1,40,000	--
Creditors	30,000	15,200			
	2,72,500	1,58,200		2,72,500	1,58,200

In the case of 'D' Ltd., profit for the year ended 31<sup>st</sup> December 2017 is Rs.12,000 and transfer to reserve is Rs.5,000. The holding of C Ltd. is 90% acquired on 30<sup>th</sup> June 2017.

Draft a consolidated Balance of 'C' Ltd and its subsidiary.

10. The Revenue account of a life Insurance company showed the life fund at Rs.73,17,000 on 31.3.2017 before taking into account the following item:

	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.

11. Discuss the contents of schedule 16 of the Banking Regulation Act 1949, Form B, and Schedule III.
12. a) State the merits of inflation accounting.  
b) Enlist the limitations of human resources accounting.

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