

Register Number :

Name of the Candidate :

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M.Com. DEGREE EXAMINATION, 2011

(SECOND YEAR)

(GROUP - A)

(PAPER - IV)

**640. ADVANCED CORPORATE
ACCOUNTING**

(Common with M.Com. C.A.)

December]

[Time : 3 Hours

Maximum : 100 Marks

SECTION – A (5 × 8 = 40)

Answer any FIVE questions.

ALL questions carry equal marks.

1. What do you mean by
 - (a) Redemption of preference shares.
 - (b) Call in advance.
 - (c) Buy back of shares.

Turn Over

2. What is allotment shares? Explain the statutory restrictions imposed on allotment of shares.
3. What is purchase consideration? Write the procedure to compute it under Direct Ascertainment Method?
4. Give journal entries for the following:

(a) The Board of Directors forfeit 2000 equity shares (issued at par) an account of non-payment of final call of ₹ 2 per share. Later these shares of ₹ 10 each are reissued as fully paid up at a premium of Rs.1 per share.

(b) The Company allots 60,000 equity shares of ₹ 10 each as fully paid to the Liquidator of V Co. in full satisfactions of purchase considerations of Rs.6,60,000 for the business purchased from V.Company.

Adjustments:

- (a) Value of Closing stock was ₹ 88,000.
 - (b) Make a provision for IT 40%.
 - (c) Depreciate: Machinery 15%, Plant 5%.
 - (d) Outstanding Rent 800 and Salaries ₹ 900.
 - (e) Make a provision for bad debts amounting to ₹ 500.
 - (f) Provide managerial remuneration at 10% of Net profit before tax.
- Prepare final accounts for the year ended 31.8.2008.

(includes ₹ 35,000 surveyor's fee and ₹ 45,000 legal expenses for settlement claims)

12. Trial balance of X Ltd as at 31.03,2008 is given below.

Particulars	Debit Balance	Particulars	Credit Balance
Opening Stock	67,000	Purchase returns	10,000
Purchases	2,45,000	Sales	3,40,000
Wages	30,000	Discount	3,000
Carriage inwards	950	P & L appn	15,000
Furniture	17,000	Share Capital	1,00,000
Salaries	7,500	Creditors	16,500
Rent	4,000	General Reserve	15,500
Sundry expenses	7,050		
Dividend (2008-2009)	9,000		
Debtors	27,500		
Machinery	29,000		
Bank	46,200		
Patents	4,800		
Bills receivable	5,000		
	5,00,000		5,00,000

5. From the following P & L account of KL Ltd. find out the commission payable to the manager. The manager is eligible to get a salary of ₹ 4,000 pm in addition to 1%. Commission on the net profits of the company after such salary and commission.

P &L account

	₹		₹
To Salary	2,00,000	By GP	3,00,000
To Depn. on fixed assets	2,50,000	By Subsidy from Govt	1,50,000
To General Expenses	32,000	By profit on sale of assets (Cost price 3,00,000	2,50,000
To manger's salary	48,000	Written down value	
To Commission to manager on a/c	600	₹ 2,00,000)	
To provision for Income tax	1,69,400		
	7,00,000		7,00,000

Depreciation allowable for income tax purpose amount top ₹ 2,00,000. Calculate the total amount of Commission payable to the manager.

Turn Over

6. The Bala Co. Ltd. acquired the whole of shares of Ram Co. Ltd. On 1st January 1990. The Balance Sheet of the two companies as on 31st December, 1990 were as under. From the following prepare consolidate Balance Sheet.

Liability	Bala	Ram	Assets	Bala	Ram
Equity shares @ 10 each Creditors	3,00,000	2,00,000	Sundry Assets Investment in . Ram Ltd at Cost	1,60,000	2,50,000
	60,000	50,000		2,00,000	--
	3,60,000	2,50,000		3,60,000	2,50,000

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11. From the following figures appearing in the books of Fire insurance division of a General Insurance Company, show the amount of claim it would appear in Revenue account from the year 31st March, 2008.

	Re – insurance ₹	Claims paid during the year	Claims payable 1 st April, 2007	31 st March, 2008	Claims Received 1 st April, 2007	31 st March, 2008	Expenses of management
Direct Business ₹	46,70,000	7,00,000	7,65,000	8,12,000	--	--	2,30,000
Re – insurance ₹		7,00,000	87,000	53,000	2,30,000	65,000	1,13,000

Turn Over

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And the Doubtful debts are ₹ 6,000 which are estimated to realise ₹ 3,000 and the Bank OD is secured by the deposit of title deeds of leasehold properties. Preferential Creditors are ₹1,500. Telephone Sent outstanding ₹120.

10. The following are the Balance Sheets of H Ltd and its subsidiary S Ltd as on 31.12.2006.

Balance Sheet

Liabilities	H	S	Assets	H	S
Share Capital	10,000	8,000	Building	4,000	--
Reserves	4,000	3,000	Plant	1,000	6,000
Bills payable	2,000	1,000	Stock	4,000	6,000
Creditors	5,000	4,000	Shares in S	6,000	--
P & L a/c	4,000	2,000	Debtors	5,000	3,000
			Bills Receivable	3,000	2,000
			Cash	2,000	1,000
	25,000	18,000		25,000	18,000

7. The following particulars are of S Co Ltd. Its assets realized an amount of ₹ 3,50,000 excluding the amount realized by the sale of securities held by the secured creditors. The following was the position.

Share Capital 20,000 shares of ₹ 10 each	₹ 2,00,000
Fully secured creditors	40,000
(secured realized ₹ 50,000)	
Preferential Creditors	19,000
Debentures having floating charges on the assets of the company	2,50,000
Unsecured Creditors	1,00,000
Liquidation expenses	6,000
Liquidators remuneration	9,500

Prepare Liquidator's, final statement of accounts.

8. From the following particulars, calculate the amount of claim to be debited in the Revenue account. Also, give formal entries and Claims account for the same.

Turn Over

₹	35,00,000	Claims paid during the year
		Claims outstanding at the beginning of the year
	1,00,000	Re insurance claim
	1,70,000	Expenses on claim
	40,000	Claims intimated and accepted but not paid at the end of the year
	1,60,000	Claims intimated but not accepted at the end of the year
	1,00,000	

SECTION – B (3 × 20 = 60)

Answer any **THREE** questions.

ALL questions carry equal marks.

8. Give an account of the growing scope of human capital reporting.
9. Shri Chopra is appointed liquidator of Moon Company Limited in voluntary liquidation on 1st July, 2003. Following balances are extracted from the books.

Liabilities	₹	Assets	₹
Capital:		Machinery	48,000
24,000 shares of ₹ 5 each	1,20,000	Leasehold premises	60,000
Provision for Bad debts	15,000	Stock in trade	1,500
Debentures	75,000	Book debts	90,000
Bank OD	27,000	Investments	9,000
Liabilities for purchase	30,000	Call in arrear	7,500
		Cash in hand	1,500
	2,67,000	P & L a/c	52,500
			2,67,000

You are required to prepare Statement of Affairs and Deficiency a/c. Assets are valued as under:

₹	90,000	Machinery
	1,09,000	Leasehold premises
	6,000	Investments
	3,000	Stock
	3,000	Bad debts
	90,000	Turn Over