

M.Com.(A&F) DEGREE EXAMINATION, NOVEMBER 2018
I Year I Semester
Core Major -IV
ADVANCED CORPORATE ACCOUNTING AND ACCOUNTING
STANDARDS

Time : 3 Hours

Max.marks :75

Section A ($10 \times 2 = 20$) Marks

Answer any **TEN** questions

1. What is Call-in-arrears?
2. What is Pro-rata allotment?
3. Define "Goodwill".
4. What is super profit?
5. What is amalgamation?
6. What is purchase consideration?
7. Write a note on "Voluntary Winding Up".
8. Write a note on Non-Banking Assets.
9. Explain the meaning of "Double Insurance".
10. What do you mean by holding company?
11. Write a short note on "Minority interest".
12. Define Human Resource Management.

Section B ($5 \times 5 = 25$) Marks

Answer any **FIVE** questions

13. What are accounting standards? Explain their objectives.
14. The directors of 'Z' Co. Ltd. Forfeit 10 shares of Rs. 50 each belonging to 'karthik' who had paid Rs. 5 per share on application, Rs.10 on allotment and Rs. 15 on first call but failed to pay the final call of Rs.20. The same shares are then reissued to Raj as fully paid on receipt of Rs.400. Pass journal entries with narration to record the forfeiture and the reissue of shares.
15. The issue of Rs. 2,00,000 shares of Rs.10 each at Rs. 11 per share made by Z Ltd. was underwritten by M/s. X and Y. Subscriptions totaled for 2, 50,000 shares. What is underwriter' liability? What is the commission they are eligible for?

16. Calculate the goodwill in the following case:

Goodwill is to be calculated at one year's purchase of the last 3 year's average profit. The profit of the first year was Rs.6,000, second year twice the profit of the first year and the third year one and half times the profit of the second year.

17. X Ltd. is negotiating to sell its business to Y Ltd. Its assets are agreed to be worth Rs. 40,00,000. Its share capital consists of 10,000 equity shares of Rs. 10 each and it has reserves of Rs. 50,000. Workmen's compensation fund amounts to Rs.25,000 (estimated Liability 10,000) and provident fund Rs.20,000.

Employees security deposits amount to Rs.10,000. Trade Creditors amounted to Rs.80,000.

Ascertain the Purchase consideration, if it is paid 75% in Rs.10 equity shares of the Transferee company and the balance in cash.

18. Ascertain the remuneration payable to Liquidator from the data given below:

Secured creditors: Rs.50,000 (Securities realized by secured creditors : Rs. 60,000)

Assets realized : Rs.80,000

Liquidator's remuneration: 3% on the amounts realized.

19. From the following information, find out the amount of provision to be shown in the Profit and loss Account of a Commercial bank:

Assets :	Rs.in lakhs
Standard	8,000
Substandard	6,000
Doubtful:	
For One year	1,000
For Three year	1,600
For more than 3 years	400
Loss Assets	1,200

Section C ($2 \times 15 = 30$) Marks

Answer any **TWO** questions

20. Bright Ltd. invited applications for 10,000 shares of Rs. 100 each at a discount of 6% payable as follows:

On application Rs.30

On allotment Rs.24

On first & final call Rs.40

Applications were received for 9,500 shares and all these were accepted. All moneys due were received except the final call on 250 shares which were forfeited. 150 of the forfeited shares were reissued at Rs.80 per shares as fully

paid. Assuming that all requirements of the law have been complied with, pass journal entries in the books of the company and also prepare the balance sheet.

21. Following is the Balance sheet of K Ltd. as on 31.12.1980

Liabilities	Rs.	Assets	Rs.
2,000 shares of Rs. 10 each fully paid	20,000	Goodwill	4,000
Profit & Loss A/c	7,000	Fixed assets	16,500
Debentures	10,000	Current assets	19,500
Creditors	3,000		
	40,000		40,000

R Limited agreed to take over the assets of K. Ltd. (exclusive of one fixed asset of Rs. 4,000 and cash Rs. 1,000 included in current assets) at 10% more than the book values. It agreed to take over creditors also. The purchase price was to be discharged by the issue of 2,000 shares of Rs. 10 each at the market value of Rs. 15 each and the balance in cash. Liquidation expenses came to Rs. 400.

K Ltd. sold the fixed assets of Rs. 4,000 and realized at the book value. It paid off its debentures and liquidation expenses.

You are required to give journal entries in the books of K Ltd. and R Ltd.

22. From the following Balance Sheet relating to H Ltd. and S Ltd. Prepare consolidated balance sheet.

Liabilities	Rs.	Rs.	Assets	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

- 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.
- All the bills payable of S Ltd. were accepted in favour of H Ltd.
- The stock of H Ltd. includes Rs.50,000 purchased from S Ltd. The profit added was 25% on cost.

23. On December 1986. The following balances stood in the books of Asian bank Ltd., after preparation of its profit and loss Account.

Share capital :	Rs. (in '000)
Issued and subscribed	4,000
Reserve fund (under section 17)	6,200
Fixed deposits	42,600
Savings bank deposits	19,000
Current assets	23,200
Money at call and short notice	1,800
Investments	25,000
Profit and loss Account (cr) 1 st Jan 1986	1,350
Dividend for 1985	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 1986	1,550

Prepare balance sheet of the bank as on 31st December 1986.