

**M.Com(A&F) DEGREE EXAMINATION, NOVEMBER 2019**  
**I Year I Semester**  
**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 partial underwriting?
2. AB Ltd. forfeited 200 shares of Rs. 10 each for the non-payment of final call of Rs. 2 per share and reissued all these at Rs. 8 per share fully paid. Pass journal entry.
3. Write the meaning of absorption.
4. Calculate the amount of liquidator's remuneration from the following (Particulars)  
 Sundry Creditors : Rs. 60,000 (Securities realised Rs. 80,000) Other assets realised Rs. 75,000.  
 Liquidator's remuneration – 2.5% on the amounts realised (including securities with creditors)
5. Lal Ltd. agreed to absorb the business of Mal Ltd. The purchase consideration was as under:
  - a.) For every 4 10% preference shares of Rs. 10 each in Mal Ltd. 7 Equity shares of Rs. 10 each in Lal Ltd. as Rs. 8 paid up. There were 60,000 10% Preference shares in Mal Ltd.
  - b.) For every 3 Equity shares of Rs. 10 each in Mal Ltd. 8 Equity shares in Lal Ltd as Rs. 10 paid up. There were 90,000 Equity shares in Mal Ltd.
 Find out the purchase consideration.
6. Define inflation accounting.
7. The trial balance of a bank showed Rs. 4,750 as rebate on bills discounted (1.7.83). The unexpired discount as on 30.6.84 was Rs. 5,560. Pass journal entries to record the above.
8. Define accounting standards.
9. What do AS 2 and AS 6 deal with?
10. Calculate the cost of control or capital reserve from the following  
 Holding company invested Rs. 3,75,000 for holding 30,000 shares out of 50,000 shares of Rs. 10 each. The share in capital profit of the subsidiary company was Rs. 50,000.
11. What do you mean by Holding company?
12. ABC Ltd. decides to reduce its 10,000 equity shares of Rs.100 to equity shares of Rs.50 each in order to write off its debit balance of profit and loss account Rs.2,50,000 and its fixed assets to the extent of Rs.1,20,000. Pass journal entries to effect the above scheme of reconstruction.

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

Answer any **FIVE** questions

13. From the following Balance sheet, you are required to determine the intrinsic value of the shares of the company

Liabilities	Rs.	Assets	Rs.
2,000, 6% Preference Shares of Rs. 100 each	2,00,000	Sundry Assets	6,00,000
30,000, Equity shares of Rs. 10 each	3,00,000		
Current liabilities	1,00,000		
	6,00,000		6,00,000

The market value of 50% of the assets is considered as 15% more than the book value and that the remaining 50% at 10% less than the book value. There was an unrecorded liability of Rs. 8,000. Assume preference shares have no priority as to the repayment of capital or dividend.

14. A Limited company went into liquidation with the following liabilities

- a. Secured Creditors Rs. 30,000 (Securities realised Rs. 35,000)
- b. Preferential creditors Rs. 1,000
- c. Unsecured creditors Rs. 30,500

Liquidation expenses amounted to Rs. 252. Liquidator is entitled to a remuneration of 3% on assets realised (including the securities realised) and 1.5% on the amount distributed to unsecured creditors. The various assets realised were Rs. 45,000 (excluding the securities realised in the hands of secured creditors). Prepare Liquidator's final statement of accounts.

15. Consolidate the following Balance sheets

Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd.
Capital Rs.1 each	1,400	1,000	900 shares in S Ltd. at cost	1,200	–
Creditors		500	Sundry assets	200	1,800
P & L a/c		300			
	1,400	1,800		1,400	1,800

When H Ltd. acquired the shares in S Ltd. the profit and loss account of the latter had a credit balance of Rs. 200.

16. Prepare Revenue Account if the Marine Insurance Company Ltd as at 31<sup>st</sup> March 2006 from the following information:

	(Rs.'000)
Reserve for Unexpired Risk (1/4/05)	496.6
Additional Reserve (1-4-2005)	49.66
Premium less reinsurance	720
Claims outstanding (1-4-2005)	160
Claims paid	470
Commission	35
Expenses on management	54
Audit fees	10
Directors sitting fees	3.4
Depreciation	5
General charges	12

Outstanding claims due on 31<sup>st</sup> March 2006 was Rs.60000. Additional Reserve is to be maintained at 10% on Net Premiums.

17. The revenue account of a Life Insurance company showed the life fund at Rs. 73,17,000 on 31st March 2006 before taking the following into account

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

Ascertain the correct life Assurance fund.

18. Krish Ltd. which had Rs. 50,00,000 10% Debentures outstanding made the following purchases in the open market for immediate cancellation:

1st April 2000 - 2,000 debentures of Rs. 100 each at Rs. 99 each

1st September 2000 - 3,000 debentures of Rs. 100 each at Rs. 98 each

The interest on debentures are payable every year on 30th June and 31st December.

Give journal entries to record the purchase and cancellation of the debentures if the purchase price is ex-interest.

19. State the objectives of Human Resource Accounting.

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

Answer any **TWO** questions

20. Wye Ltd. issued 20,000 equity shares of Rs. 10 at a premium of Rs. 2 per share each payable as Rs. 2 on application, Rs. 5 on allotment including premium, Rs. 3 on first call and Rs. 2 on final call. Public subscribed 30,000 shares. The company rejected 6,000 shares and allotted the remaining on pro-rata basis. The excess application money was adjusted on allotment due. All money were duly received except from Arun, to whom 800 shares were allotted failed to pay allotment and both the calls and Tharun who failed to pay both the calls. These shares were forfeited after due notice. All these shares were reissued to Varun @ Rs. 8 each as fully paid. Pass journal entries to record the transactions in the books of Wye Ltd. Prepare necessary ledger accounts & Balance sheet.
21. The following is the Balance sheet of X Ltd as on 31st March 2018

Liabilities	Rs.	Assets	Rs.
Share Capital 2,00,000 Shares of Rs. 10 each	20,00,000	Land & Buildings	10,00,000
General reserve	2,50,000	Plant & Machinery	15,00,000
Dividend equalisation reserve	2,00,000	Furniture	25,000
Profit & Loss a/c	51,000	Stock	6,00,000
12% Debentures	10,00,000	Work in progress	3,00,000
Sundry creditors	3,00,000	Sundry Debtors	2,50,000
		Cash at bank	1,26,000
	38,01,000		38,01,000

The company was absorbed by A Ltd on the above date. The consideration for the absorption is the discharge of the debentures at a premium of 5% taking over the liability in respect of sundry creditors and a payment of Rs. 7 in cash and one share of Rs. 5 in A Ltd at the market value of Rs. 8 per share for every share in X Ltd. the cost of liquidation of Rs. 15,000 is to be met by the purchasing company. Close the books of X Ltd.

22. From the following information relating to Adarsh Bank Ltd. prepare Profit and Loss account for the year ending 31st March 2017

Particulars	Rs. in 000s	Particulars	Rs. in 000s
Interest and discount earned	31,628	Income on investments	11,810
Interest received on balance with RBI	4,243	Commission	2,907
Profit on sale of investments	114	Interest on deposits	31,404
Interest on RBI loan paid	3,362	Salaries to employees	9,717
Rent , taxes and lighting	1,168	Director's fees	7
Depreciation on bank's property	379	Auditor's fees	41
Law Charges	22	Postages, telegrams	403
Other Expenditure	1,799	Profit brought forward	1,100

Other information:

- a. Make a provision for I T @ 51.75% on profit
- b. Transfer 5% to Revenue reserve
- c. Transfer to proposed dividend Rs. 2,00,000.

23. Explain the provisions of AS-1 "Disclosure of Accounting Policies".