M.Com(CS) DEGREE EXAMINATION,NOVEMBER 2019
I Year I Semester
Advanced Corporate Accounting

Time : 3 Hours **Max.marks :75**

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

Answer any **TEN** questions

1. Define "Shares".
2. What is pro-rata allotment?
3. What do you mean by Purchase consideration?
4. What is amalgamation?
5. What is capital reduction?
6. What is winding up of a company?
7. What is Holding company?
8. What is capital profit?
9. What are non-banking assets?
10. What is cash credit?
11. What is liquidator's remuneration?
12. Who are B list contributories?

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

Answer any **FIVE** questions

13. 'A' holds 100 shares of Rs.10 each on which he paid Rs.1 per share as application money. 'B' holds 200 shares of Rs.10 each on which he has paid Rs.1 and Rs.2 per share as application and allotment money respectively. 'C' holds 300 shares of Rs.10 each and he has paid Rs.1 on application, Rs.2 allotment and Rs.3 on the first call.

    They all fail to pay their arrears and the second call of Rs.2 per share and the directors, therefore, forfeited their shares. The shares are reissued subsequently for Rs.11 per share as fully paid share as fully paid. Journalise the transactions (concerning the forfeiture and reissue only).

14. Mukesh and Co., Ltd. Was registered on 1-1-1999 to buy the business of M/s. Mukesh Bros., as on 1-10-1998 and obtained the certificate of commencement of business on 1-2-1999. The account of the company for the period of 12 months ended 30-9-1999 disclosed the Net profit of Rs.1,25,000 after having charged the following amount:

    Salary : Rs.30,000 (there were 4 employees in the pre-incorporation period and 7 in the Post-incorporation period).

    Wages : Rs.10,920 (there were 4 workers in the pre-incorporation period and 5 in post-incorporation period and the rate of wages were Rs.160 and Rs.200 per worker in the pre and post incorporation periods respectively).

    Sales : Rs.4,80,000 of which Rs. 80,000 related to pre-incorporation period.

    Directors fee : Rs.16,000.

    You are required to calculate profit for pre and post incorporation periods separately.

15. (a) Rajan, a small scale industrialist decided to convert his firm in to a limited company with the effect from 1^{st} April 1996. But he obtained the certificate of incorporation on 1^{st} August 1996 and certificate of commence business on 1^{st} October 1996. His accounts were closed on 31^{st} December 1996. Find out the time ratio for the purpose of ascertaining pre incorporation profit.

    (b) A Company was incorporated on 1-2-98 to purchase the business of Abdul Kalam ans Sons, as from 1^{st} November 1997.

    There were 10 employees before incorporation but 5 more were appointed on 1-2-98. You are required to ascertain the weighted time ratio for dividing salaries between the pre and post incorporation periods, assuming that the accounts are finalised on 31^{st} October.

16. The Balance Sheets of J Co Ltd and H Co Ltd as on 31.3.2004 were as follows:

Liabilities	J Ltd	H Ltd	Assets	J Ltd	H Ltd
Share Capital:			Goodwill	40,000	-
Rs. 100 each	5,00,000	-	Fixed Assets	4,00,000	8,00,000
Rs. 10 each	-	4,00,000	Cash at Bank	-	1,00,000
Capital reserve	1,00,000	-	Other current Assets	4,50,000	3,30,000
General reserve	35,000	4,00,000			
Secured Loan	-	2,50,000			
Unsecured Loan	1,00,000	-			
Sundry Creditors	1,55,000	1,80,000			
	8,90,000	12,30,000		8,90,000	12,30,000

It was proposed that J Co.,Ltd should be taken over by H Ltd. The following arrangements were accepted by both the companies.

(i) Goodwill of J Ltd is considered worthless.

(ii) Arrears of depreciation in J Co., Ltd amounted to Rs. 20,000.

(iii) The holder of every 2 shares in J Ltd was to receive:

  (a) As full paid, at par, 10 shares in H Ltd and

  (b) So much cash as is necessary to adjust the rights of Shareholders of both the companies in accordance with the intrinsic value of the shares as per their Balance Sheets after the adjustments mentioned above. You are required to

(1) Determine the Purchase Consideration.

17. The following particulars were extracted from the Trial Balance of the unsound Bank Ltd., for the years ended 31-12-1989.

		Rs.
(a)	Interest and discounts	1,96,62,400
(b)	Rebate on bills discounted (Balance on 1-1-1989)	65,040
(c)	Bills discounted and purchased	67,45,400

It is ascertained that proportionate discount not yet earned on the bills discounted which will mature during 1990 amounted to Rs.92,760. Pass the necessary journal entries adjusting the above and show:

(i) Rebate on bills discounted account.
(ii) Interest and discount in the ledger of the bank.

18. What are the types of debentures?

19. What are differences between Holding companies and Subsidiary companies?

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

Answer any **TWO** questions

20. A limited company issued a prospectus inviting application for 2,000 shares of Rs.10 each at a premium of Rs.2 per share payable as follows:

On application	–	Rs.2 per share
On allotment	–	Rs.5 per share
On first call	–	Rs.3 per share
On final call	–	Rs.2 per share

Amount payable on allotment included premium also. Applications were received for 3,000 shares and pro-rata allotment was made on applications for 2,400 shares. Money overpaid on applications was employed towards the sum due on allotment. Ramesh who took 40 shares failed to pay the allotment money and his shares were forfeited after the second call.

Of the shares forfeited, 80 shares were sold to Krishna credited as fully paid for Rs.9 per shares, the whole of Ramesh's being included.. Show the journal entries.

21. 'X' Co. Ltd. Agreed to acquire the assets excluding cash as on 31st Dec. 1981 of Y Co. Ltd.

The Balance sheet of Y Co. Ltd. As on that date was:

Liabilities		Assets	
Equity capital: (shares of Rs.10 each)	3,00,000	Goodwill	60,000
General reserve	80,000	Land & Building	1,20,000
Debentures	50,000	Plant & Machinery	2,00,000
Creditors	10,000	Stock	80,000
P&L A/c	60,000	Debtors	30,000
		Cash	10,000
	5,00,000		5,00,000

The consideration was as follows:

(a) A cash payment of Rs.4 for every share of Y Ltsd.
(b) The issue of one share of Rs.10 each at market value of Rs.12.50 in the X Co. Ltd. For every share in Y Ltd.
(c) The issues of 1,100 debentures of Rs.50 each in X Co. Ltd. to enable Y Ltd. to discharge its debentures at a premium of 10%.
(d) The expenses of liquidation of Y Ltd. amounting to Rs.4,000 was to be met by themselves. Give the journal entries in the books of both the companies.

22. Balance sheet of Silver Ltd. on 31st Dec. 1993

Liabilities		Assets	
Paid up capital:		Fixed assets:	
1,000, 6% preference shares of Rs.100 each	1,00,000	Land & Buildings	2,00,000
2,000 equity shares of Rs.100 Each fully paid	2,00,000	Plant & Machinery	2,20,000
3,000 equity shares of Rs.100 each, Rs.50 paid up	1,50,000	Current assets:	
Secured loans:		Stock	1,00,000
6% debentures (floating charge on all assets)	1,00,000	Debtors	1,00,000
Others (Mortgage on Land & Buildings)	1,00,000	Cash at Bank	30,000

Current liabilities:		Miscellaneous expenditure:	
Sundry creditors	90,000	Profit & Loss A/c	1,00,000
Income tax	10,000		
	7,50,000		7,50,000

The company went into liquidation on 1st Jan. 1994. The preference dividend was in arrear for three years. The arrears are payable on liquidation.

The assets were realised as follows:

Land & Buildings Rs.2,40,000; Plant & Machinery Rs.1,80,000; Stock Rs.70,000; Debtors Rs.60,000;

The expenses of liquidation amounted to Rs.8,000.

The liquidator is entitled to a commission at 2% on all assets realised and 3% on amounts distributed to unsecured creditors. All payments were made on 30th June 1994.

Prepare liquidator's statement of account.

23. X Ltd. purchased 750 shares in Y Ltd. on 1.7.1994. the following were their Balance sheets on 31.12.1994

Liabilities	X Ltd.(Rs.)	Y Ltd.(Rs.)	Assets	X Ltd.(Rs.)	Y Ltd.(Rs.)
Share capital:			Buildings	2,05,000	1,25,000
Shares of Rs.100 each	3,00,000	1,00,000	Stock	1,00,000	80,000
Gen. reserve on 1.1.94	1,00,000	70,000	Debtors	1,00,000	40,000
Profit & Loss A/c	1,00,000	60,000	Investment in Y Ltd.	1,00,000	——
Creditors	80,000	40,000	Bills receivable	40,000	45,000
Bill payable	50,000	20,000	Cash at bank	60,000	20,000
Current Account: X Ltd.	——	20,000	Current Account:Y Ltd.	25,000	——
	6,30,000	**3,10,000**		**6,30,000**	**3,10,000**

Additional information

(a) Bills receivable of X Ltd. include Rs.10,000 accepted by Y Ltd.
(b) Debtors of X Ltd. include Rs.20,000 payable by Y Ltd.
(c) A cheque of Rs.5,000 sent by Y Ltd. on 28th December was not yet received by X Ltd. on 31st December 1994.
(d) Profit and Loss A/c of Y Ltd. showed a Balance of Rs.20,000 on 1.1.94.
You are required to prepare a consolidated balance sheet of X Ltd. and Y Ltd. as on 31.12.1994.