

END OF SEMESTER EXAMINATIONS, APRIL/MAY – 2017  
ADVANCED CORPORATE ACCOUNTING  
SUBJECT CODE: 14P3CC10

MAJOR : M.Com, CA  
TIME : 3 HOURS

SEMESTER : II  
MAX. MARKS: 70

**SECTION – A (5 X 5 = 25)**

**Answer Any FIVE Questions:**

1. Pankajam Mills Ltd was incorporated on 1<sup>st</sup> July 2007 to purchase the business of Hamalatha & co, as on 1<sup>st</sup> April 2007. The books of account disclosed the following on 31<sup>st</sup> March 2008:
  - i) Sales for the year Rs.32,10,400 (1<sup>st</sup> April to 1<sup>st</sup> July 2007 Rs.8,02,600; 1<sup>st</sup> July to 31<sup>st</sup> March 2008 Rs.24,07,800)
  - ii) Gross profit for the year Rs.4,12,800; Managing Director salary Rs.12,000; Preliminary Expenses written off Rs.18,000; Company secretary's salary Rs.58,000.
  - iii) Bad debts written off Rs.14,890 (prior to 1<sup>st</sup> July Rs.4020 after 1<sup>st</sup> July Rs.10,870)
  - iv) Depreciation on machinery Rs.25,200; General expenses Rs.51,000; advertising Rs.7,400; Interest on debentures Rs.20,000.

You are required to prepare a statement apportioning properly the net profit of the company as between

  - a. Profits available for distribution
  - b. Profits prior to incorporation
2. The authorized capital of a company is Rs.15,00,000 which is divided into 9,000, 7% preference share of Rs.100 each and 60,000 equity share of Rs.10 each. Out of these shares 8,000, 7% preference shares and 50,000 equity shares are issued on the condition that full amount will be paid in a lump sum. All these shares were taken up and paid for by the public. Pass necessary journal entries in the books of the company.
3. Inco Ltd had issued 50000 redeemable preference shares of Rs.10 each, Rs.8 paid. In order to redeem these shares the company issued for cash 30000 equity shares of Rs.10 each at a premium of Rs.2 per share. Out of the cash proceeds, the redeemable preference shares were paid and balance was met out of the reserve fund which stood at Rs.2,50,000. Show journal entries in the books of the company.
4. How can changes in the price level be reflected in the financial statements through the Current Purchasing Power Method?
5. State the advantages of HRA.
6. The following information is given:
  - a. Capital employed 1,50,000
  - b. Normal rate of profit 10%
  - c. Present value of annuity Re.1 for 5 years at 10% 3.78
  - d. Net profit for 5 years 1<sup>st</sup> Rs.14,400, 2<sup>nd</sup> year Rs.15,400, 3<sup>rd</sup> year Rs.16,900, 4<sup>th</sup> year Rs.17,400, 5<sup>th</sup> year Rs.17,900.

The profits included non-recurring profits on an average basis of Rs.1000 out of which it was deemed that even non-recurring profits had a tendency of appearing at a rate of Rs.600 p.a. You required to calculate goodwill

  - a) as per annuity method
  - b) as per five years purchase of super profit
  - c) as per capitalization of super profit method
7. Explain the types of amalgamation.
8. A liquidator is entitled to receive the remuneration of 2% of the assets realized and 3% of the amount distributed among the unsecured creditors. The assets realized Rs.25,00,000 against which payment was made as follows:
 

Liquid Expenses	Rs.25,000
Preferential Creditors	Rs.75,000 and
Secured Creditors	Rs.10,00,000

Calculate the remuneration payable to the liquidator.

**SECTION – B (3 X 15 = 45)**

**Answer Any THREE Questions:**

9. What do you mean by liquidation of a company? Describe the different modes of winding up.

...2...

10. A Ltd., is to absorb B Ltd., by issuing 5 shares of Rs.10 each at a premium of 10% for every 4 shares in B Ltd. On the date of absorption the balance sheets were as under:

Liability	A Ltd. Rs.	B Ltd. Rs.	Assets	A Ltd. Rs.	B Ltd. Rs.
Share Capital (Rs.10 each)	5,00,000	3,00,000	Fixed Assets	4,00,000	2,00,000
Reserves	50,000	40,000	Investments 6000 shares in B	80,000	
Creditors	1,00,000	60,000	5000 shares in A		60,000
			Current Assets	1,70,000	1,40,000
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	6,50,000	4,00,000		6,50,000	4,00,000
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You are required to show the important ledger accounts in books of B Ltd.

11. A Limited company with an authorized capital of Rs.2,00,000 in shares of Rs.100 each issued 1,000 shares payable Rs.25 per share on application, Rs.25, on allotment, Rs.20 three months later and the balance as and when required.

All moneys payable on application and allotment were duly received. But when the call of Rs.20 per share was made, one share holder holding 50 shares failed to pay the amount due and another share holder holding 100 shares paid them in full.

You are required to pass journal entries and prepare ledger accounts and also show how the capital account will appear in the company's balance sheet.

12. Prepare a Balance sheet as at 31<sup>st</sup> march 2000 from the following information of ABC Ltd as required under the companies act 1956:

Term loan	10,00,000	Loss for the year	3,00,000
Creditors	11,45,000	Sundry debtors	12,25,000
Advances	3,72,000	Miscellaneous Expenses	58,000
Cash and Bank balances	2,75,000	Provision for doubtful debts	20,200
Staff advances	55,000	Loans from directors	2,00,000
Provision for tax	1,70,000	Stock	4,00,000
Securities premium	4,75,000	Fixed assets (W.D.V)	51,50,000
Loose tools	50,000	Finished goods	7,50,000
Investments	2,25,200	General reserve	20,50,000
		Capital work in progress	2,00,000

Additional Information:

- Share capital consists of:
  - 30,000 equity shares of Rs.100 each fully paid up
  - 10,000 – 10% preference shares of Rs.100 each fully paid up.
- Term loan is secured
- Depreciation on assets: Rs.5,00,000
- Schedules need not be given

13. Explain the types of printers.

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