

END OF SEMESTER EXAMINATIONS, NOVEMBER - 2017

ADVANCED CORPORATE ACCOUNTING

SUBJECT CODE: 14P3C010 / 14P3CC10

MAJOR: M.COM (CA) / M.Com

SEMESTER : II / III

TIME : 3 HOURS

MAX. MARKS: 70

SECTION - A (5 X 5 = 25)Answer any FIVE questions:

1. Ganesh Ltd., was registered on 1-7-2007 to acquire the running business of Suneel & co., with effect from 1-1-2007. The following was the profit & Loss a/c of the company on 31-12-2007.

	Rs.		Rs.
To office expenses	54,000	by Gross profit b/d	2,25,000
To formation expenses	10,000		
To stationary	5,000		
To Directors fees	60,000		
To Net profit	96,000		
	<u>2,25,000</u>		<u>2,25,000</u>

You are required to prepare a statement showing profit earned by the company in the pre and post incorporation periods. The total sales for the year took place in the ratio of 1:2 before and after incorporation respectively.

2. Smart Ltd invited applications for 5,00,000 equity shares of Rs.10 each payable as follows:- with applications Rs. 2

On allotment Rs.3

On first call Rs.2.50

On second & final call Rs. 2.50

Applications totalled 4,70,000 shares. The Board of Directors accepted all the applications. Both calls were made. All the moneys were duly received. You are required to pass journal entries for all the transactions including cash transactions.

3. A Ltd. absorbs B Ltd. by payment of 5 shares of Rs.10 each at a premium of 10% for every 4 shares in B Ltd. The balance sheet of B Ltd. as on the date of absorption is given below:

Liabilities	Rs.	Assets	Rs.
Share Capital (Rs. 10 each)	1,00,000	Fixed Assets	90,000
General Reserve	10,000	2,000 shares in A Ltd.	20,000
Creditors	30,000	Current Assets	30,000
	<u>1,40,000</u>		<u>1,40,000</u>

Calculate the Purchase consideration and show the journal in the books of A Ltd.

4. Briefly explain the different methods of calculating purchase consideration.
5. From the following data relating to a company, you are asked to prepare Liquidators statement of Account.
- Cash with liquidators (after all assets are realized and secured creditors and debenture holders are paid) is Rs. 6,73,800
 - Preferential creditors to be paid Rs. 30,000.
 - Other unsecured creditors Rs. 2,15,000.
 - 4,000, 6% Preference shares of Rs. 100 each full paid.
 - 2,000 equity shares of Rs. 100 each Rs. 75 per share paid up.
 - 6,000 equity shares of Rs. 100 each Rs. 60 per share paid up.
 - Liquidators remuneration 2% on preferential and other unsecured creditors.
 - Preference dividend were in arrears for 2 years.
6. Define Human Resource Accounting and state its objectives.
7. State clearly the logic behind the computation of 'General Price Level Gain or Loss' under CPP method.
8. A company has 8000 redeemable preference shares of Rs. 100 each fully paid. The company decides to redeem the shares on 30th sep 2001 at a premium of 7%. The company has sufficient profit but in order to augment liquid funds the following issues are made:
- 3,000 6% Debentures of Rs. 100 each at Rs. 106
 - 2,000 Equity shares of Rs. 100 each at Rs. 111
- The issues were fully subscribed and all the amounts were received. The redemption was duly carried out. Give journals.

SECTION – B (3 X 15 = 45)**Answer any THREE questions:**

9. Ram Ltd issued to the public 5,000 shares of Rs. 100 each at a discount of 5% payable as follows:
 On application Rs.25
 On allotment Rs.34
 On first and final call Rs.36
 Application were received for 4,800 shares and all of these were accepted. All the money due was received except the first and final call on 300 shares. Show the required the cash book and journal entries in the company's books.
10. What is the role of computers in accounting?
11. What do you understand by the term Provisions. Reserves, Reserve Fund and Capital Reserve? Give few examples for each items.
12. M Ltd. And N Ltd. agreed to amalgamate on the basis of the following Balance sheet as on 31.3.1997.

Liabilities	M Rs.	N Rs.	Assests	M Rs.	N Rs.
Share capital Rs.25 each	75,000	50,000	Goodwill	30,000	----
P&L A/c	7,500	2,500	Fixed asset	31,500	38,800
Creditors	3,500	3,500	Stock	15,000	12,000
Depreciation Fund	-----	2,500	Bank	1,500	2,500
			Cash	8,000	5,200
Total	86,000	58,500		86,000	58,500

The assests and liabilities are to be taken over by a new company formed called P Ltd., at book values. P Ltd.'s capital is Rs.2,00,000 divided into 10,000 equity shares of Rs.10 each and 10,000 9% preference shares of Rs.10 each.

P Ltd issued the equity shares equally to the vendor companies and preference shares were issued for any balance of purchase price.

Pass journal entries in the books of P Ltd. and prepare its Balance sheet, if the amalgamation is in the nature of purchase.

13. The following information is extracted from the books of a Drum company on June 30, 2006 on which date a winding up order was made:
- | | |
|--|------------|
| | Rs. |
| Equity share capital 80,000 shares of rs. 10 each | 8,00,000 |
| 10% preference share capital 12,000 shares of Rs. 100 each | 12,00,000 |
| Calls in arrears on equity shares (estimated to produce Rs 8,000) | 16,000 |
| 9% first mortgage debentures, secured by a floating charge on the whole of the assets of the company | 8,00,000 |
| Creditors fully secured (value of shares in X Ltd Rs. 1,60,000) | 1,40,000 |
| Crèditors partly security (value of shares in X Ltd Rs. 80,000) | 1,60,000 |
| Preferential creditors | 30,000 |
| Bank overdraft, secured by a second charge on the whole Of the assets of the company | 80,000 |
| Unsecured creditors | 10,40,000 |
| Estimated liability on bill discounted | 40,000 |
| Cash in hand | 8,100 |
| Book debts | |
| - good | 1,50,000 |
| - doubtful (estimated to produce 40%) | 30,000 |
| - bad debts | 18,000 |
| Stock in trade (estimated to produce Rs. 2,38,700) | 2,88,000 |
| Freehold land & buildings (estimated to produce Rs.7,82,000) | 6,60,000 |
| Plant & Machinery (estimated to produce Rs.2,12,000) | 3,00,000 |
| Fixtures & fitting (estimated to produce Rs.30,000) | 50,000 |
- Prepare a statement of affairs
 a) as regards creditors and b) as regards contributories
