

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



M.Com. DEGREE EXAMINATION – COMMERCE

FIRST SEMESTER – APRIL 2023

CO 1803 – ADVANCED CORPORATE ACCOUNTING

Date: 03-05-2023

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

Section: A

Answer All Questions:

10 x 2 = 20

1. What is meant by Annuity?
2. What is Reinsurance?
3. Write a short note on NPA.
4. Write a short note on Merger.
5. On 1st October 2016, Robin Bank discounted a five-month bill of Rs.20,000 at 12% p.a. Give the journal entry for rebate on bills discounted (accounts are closed on 31st December).
6. From the following, you are required to calculate the amount of claims to be shown in the revenue account for year ending 31.12.2020. Claims paid in 2020 Rs. 3,06,000; Claim on account of re-insurance was Rs. 75,000; Claim outstanding for 2019 Rs. 45,000; Claims outstanding for the year 2020 Rs. 36,000.
7. What do you understand by profit prior to incorporation?
8. Write a short note on Purchase Consideration.
9. Define Human Resources Accounting.
10. Mention any two characteristic features of double account system.

Section : B

Answer any Four questions only:

4 x 10 = 40

11. Enumerate the 'Lists' included in the statement of affairs to be submitted by company for the purpose of liquidation.
12. Distinguish between Amalgamation in nature of Merger and Purchase.
13. Explain the various schedules to be prepared by a Commercial Bank.
14. What are the merits and limitations of accounting for price level changes?
15. A Life insurance Co. disclosed a fund of Rs.40,00,000 and the Balance Sheet total of Rs.90,00,000 on 31.03.2016 before taking into consideration:
 - a) A Claim of Rs.20,000 intimated and admitted but not paid during the year
 - b) A Claim of Rs.12,000 outstanding in the books for 8 years and written back.
 - c) Interest on securities accrued Rs.1,600 but not received during the year.
 - d) Premium of Rs.1,200 is payable under reinsurance.
 - e) Reinsurance recoveries Rs.52,000

f) Bonus utilized in reduction of premium Rs.20,000

g) Agents commission to be paid Rs.16,000

Pass the necessary journal entries for the above omissions, recomputed the fund and show the balance sheet total after making the above adjustments.

16. On 31st Dec 2020, Pandian Bank Ltd. has the following bills:

Date 2020	Amount (Rs.)	Months	Discounting @%p.a.
Nov. 11	50,000	4	6
Nov. 16	60,000	3	5
Nov. 7	40,000	4	5.5

Calculate the rebate on bills discounted and give necessary journal entry, assuming accounts are closed on the date.

17. The following is the balance sheet of S Ltd as on 31.3.2019

Liabilities	Rs.	Assets	Rs.
8% Pr. Shares of Rs.100 each	3,75,000	Fixed Assets	16,25,000
Eq. Shares of Rs.10 each	7,50,000	Investments	3,00,000
General Reserve	4,50,000	Current Assets	2,50,000
7% Debentures	3,50,000		
Current Liabilities	2,50,000		
	21,75,000		21,75,000

R Ltd agreed to take over the business of S Ltd. Calculate the purchase consideration and pass a journal entry for the payment of purchase consideration in the books of R Ltd. under net assets method based on the following:

A) R Ltd agreed to discharge 7% Debentures at a premium of 10% by issuing 9% debentures of R Ltd.

B) Fixed Assets are to be valued at 10% above the book value, the investments at par, current assets at 10% discount and current liabilities at book value.

Section - C

Answer any Two questions only:

2 x 20 = 40

18. Explain the various approaches for the valuation of Human Resources.

19. From the following information relating to LB Bank Ltd., prepare the profit and loss account for the year ended 31st December,2020

Particulars	Rs.	Particulars	Rs.
Rent Received	72,000	Salaries and Allowances	2,18,800
Exchange and Commission	32,800	Postage	5,600
Interest on fixed deposits	11,00,000	Sundry Charges	4,000
Interest on savings bank a/c	2,72,000	Directors and Auditors fees	16,800
Interest on overdrafts	2,16,000	Printing	8,000
Discount on bills discounted	7,80,000	Law charges	3,600
Interest on current accounts	1,68,000	Lock rent	1,400
Interest on cash credits	8,92,000	Transfer fees	2,800
Depreciation on bank property	20,000	Interest on loans	10,36,000

20. The paid-up capital of X Ltd amounted to Rs.5,00,000 consisting of 2,000 5% cumulative preference shares of Rs.100 each and 30,000 equity shares of Rs.10 each. The preference dividends were in arrears for Rs.30,000.

After a succession of losses incurred by the company, the directors recommended to the shareholders the proposal to reduce the capital to provide a sum sufficient for the following purposes.

- To write down the book value of patents by Rs.70,000; Machinery by Rs.17,000; and Loose Tools by Rs.2,000.
- To write off debit balance on profit and loss account of Rs.1,98,000
- Any balance made available by the reduction of capital to be used to write off experiment and research expense.

The scheme, duly approved and authorized, provided as follows:

- For every five 5% preference shares, three 4% cumulative preference shares of Rs.100 each and twenty equity shares of Rs.2 each.
- For every Rs.10 of accumulated arrears of preference dividend, one equity share of Rs.2 each and
- For every five old equity shares, one new equity shares of Rs.2 each.

You are required to show the necessary journal entries and prepare capital reduction account to record the above in the books of the company.

21. M Ltd is a company with an authorized capital of Rs.5,00,000 divided into 5000 equity shares of Rs.100 each on 31/12/2016 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger on 31/12/2016.

Debit	Rs	Credit	Rs
Opening Stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount	3,150
Wages	70,000	Profit and Loss a/c	6,220
Discount	4,200	Creditors	35,200
Insurance (31/3/86)	6,720	Reserves	25,000
Salaries	18,500	Loan	15,700
Rent	6,000	Share Capital	2.50,000
General Expenses	8,950		
Printing	2,400		
Advertisements	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,500		
Furniture	17,100		
Bank	34,700		
Bad debts	3,200		
Calls in arrears	5,000		
	6,60,270		6,60,270

You are required to prepare the statement of profit and loss for the year ended 31/12/2016 and a balance sheet as on that date. The following further information given:

- Closing stock was valued at Rs.1,19,500
- Depreciation on plant at 15% and furniture at 10% should be provided.
- A tax provision of Rs.8,000 is considered necessary.
- The directors declared an interim dividend on 15/8/2016 for six months ending June, 30. 2016 at 6%.
- Provide for corporate dividend tax at 17%.
