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Register Number:

Name of the Candidate:

M.Com. DEGREE EXAMINATION, May 2015**(SECOND YEAR)****(GROUP -A)****640: ADVANCED CORPORATE ACCOUNTING****(Old Regulations)****[Common with M.Com. C.A(OR)]**

Time: Three hours

Maximum: 100 marks

SECTION - A**Answer any FIVE questions****(5 × 8 = 40)**

1. Define debenture Explain the different classification of Debentures.
2. The following are the balances extracted from the company records. Calculate the remuneration of the managing director at 5% of the Net profit, after charging such commission.

	₹
Net profit	38,786
Items considered for arriving at the above net profit	
a) Provision for taxation	39,000
b) Managing Director's remuneration paid	12,000
c) Formation expenses written off	4,000
d) Directors fees	2,500
e) Provision for doubtful debts	1,200
f) Depreciation allowable as per income tax rules	12,000
g) Depreciation written off	12,880
h) Ex-gratia payment to employee (without any liability to the company)	2,000

3. Explain the various methods of ascertaining purchase consideration.
4. Give a new proforma of profit and loss account and balance sheet of a Banking Company.
5. A life Assurance company prepared its revenue a/c for the year ended 31.3.2007 and ascertained its life assurance fund to be ₹18,35,000. It was found later that the following had been omitted from the accounts.
 - a) Interest accrued on investment ₹ 39,000; Income tax liable to be deducted thereon is estimated to be ₹10,500.
 - b) Outstanding premium ₹32,800
 - c) Bonus utilized in reduction of premium ₹17,400.

- d) Claims intimated but not admitted ₹17,400
 e) Claims covered under reinsurance ₹6,500
 Find out the true life Assurance fund?
6. What is double account system? What are the advantages and disadvantages of double account system?
7. The balance sheet of H ltd., and S ltd., as at 31st December, 2008 are as follows:

Liabilities	H Ltd. ₹	S Ltd ₹	Assets	H Ltd ₹	S Ltd ₹
Share capital (₹10 each)	2,00,000	1,00,000	Sundry Assets	1,30,000	1,35,000
General Reserve	18,000	20,000	Goodwill	--	20,000
Profit & Loss a/c	24,500	23,000	Shares in S Ltd. at cost	1,40,000	--
Creditors	27,500	12,000			
	2,70,000	1,55,000		2,70,000	1,55,000

In the case of S ltd., profit for the year ended 31st December 2008 is ₹12,000 and transfer to reserve is ₹5,000. The holding of H ltd., in S Ltd., is 90% acquired on 30th June 2008.

Draft a consolidated Balance Sheet.

8. List out the objectives and Assumptions of Human Resource Accounting.

SECTION - B

Answer any THREE questions

(3 × 20 = 60)

9. HCL Ltd., Makes an issue of 20,000 equity shares of ₹10 each at ₹11 on 1st March, 2007 payable as follows.
 ₹2 on Application
 ₹ 3 on Allotment
 ₹ 6 on first and final call(3 months after allotment)
 Applications were received for 26,000 shares. The directors made the allotment in full to the applicants demanding 10 or more shares and returned money to the applicants for 6,000 shares.
 One share-holder who was allotted 40 shares paid the first and final call money along with allotment money and another share-holder who was allotted 60 shares did not pay allotment money but paid along with first and final call money. The directors decided to charge and allow interest, as the case may be, on calls-in-advance and calls -in-arrears.
 Give journal entries in the books of the company.
10. TV Ltd., absorbed the business of Radio ltd., as a going concern on 31st March 2004. The Balance sheets of the two companies, on that date, being as under.

Liabilities	TV Ltd., ₹	Radio Ltd., ₹	Assets	TV Ltd. ₹	Radio Ltd., ₹
Share Capital	20,00,000	6,00,000	Goodwill	--	1,00,000
Paid up Capital	10,00,000	6,00,000	Building	5,00,000	--
Reserves	1,20,000	--	Stock	1,40,000	2,60,000
Creditors	20,000	1,00,000	Debtors	2,80,000	2,00,000
Bank Overdraft	--	1,00,000	Investments	1,20,000	--
			Bank	1,00,000	--
			Profit and Loss	--	2,40,000
	11,40,000	8,00,000		11,40,000	8,00,000

The Purchase consideration was agreed upon at ₹4,00,000 payable as to ₹2,00,000 in cash and the balance by issue of 16,000 equity shares of ₹10 each fully paid in TV ltd at an agreed value of ₹12.50 per share. The sale was completed and Radio ltd., then went into liquidation. Pass journal entries in the books of TV ltd., and prepare the Balance Sheet of TV Ltd.,

11. From the following figures extracted from the books of East India Assurance Company Ltd., prepare the Revenue Account for the year ending 31st March 2008.

	₹
Life Assurance Fund on April 1, 2007	10,36,000
Premiums	7,03,600
Re assurance premiums	33,500
Consideration for Annuities granted	87,330
Interest and Dividend	2,89,600
Income tax on dividends	35,190
Assignment and other fees	490
Miscellaneous Receipts	6,540
Claims by death	3,04,980
Claims by maturity	68,670
Surrenders	67,550
Reduction of premiums by bonus	612
Annuities	21,460
Commission	30,230
Expenses of Management	40,030
Income Tax	5,750
Dividends	21,140
Bad Debts	20
Loss on Investments	740
Amount written off – Investment	83,920

12. Electric Supply Ltd., re-built and re-equipped one of their mains at a cash cost of ₹40,00,000. The cost of old main was ₹15,00,000. ₹90,000 was realized from sale of old materials. Four old motors valued at ₹1,60,000 salvaged from the old main were used in the reconstruction. The cost of labour and materials is respectively 20% and 15% higher now than when the old main was built. The proportion of labour to materials in the main then and now is 1 : 2.

Show the journal entries for recording the above transactions, if the accounts are maintained under Double Account system.

13. A company went in liquidation on 31.03.2008 when the following balance sheet was prepared.

Liabilities	₹	Assets	₹
Share capital:		Goodwill	60,000
19,500 shares of ₹10 each	1,95,000	Building	48,000
Sundry Creditors:		Machinery	65,500
Partly secured (on Buildings)	53,310	Stock	56,800
Unsecured creditors	99,790	Sundry debtors	48,820
Preferential creditors	24,200	Cash	2,500
Bank overdraft	8,000	Profit & Loss A/c	98,680
	3,80,300		3,80,300

Assets realised as follows:

Building ₹ 35,000

Machinery ₹ 51,000

Stock ₹ 39,000

Debtors 58,500

Cash 2,500

The expenses of liquidation amounted to ₹ 1000. The liquidator's remuneration was agreed at 2.5% on the amount realized (including cash) and 2% on the amount paid to unsecured creditors.

Prepare liquidator's final statement of account.

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