

S.NO: 22N1- PCI

Course Code: PGCI

A.D.M.COLLEGE FOR WOMEN, NAGAPATTINAM

(AUTONOMOUS)

M. Com Degree Examination

III Semester – November – 2022

CC IX – ADVANCED CORPORATE ACCOUNTING

Time: 3 hours

Maximum Marks: 75

Section –A

10X2=20

Answer **ALL** the Questions

1. What do you mean by capital reduction?
2. What is meant by External Reconstruction?
3. What is average profit?
4. Who are preferential creditors?
5. Give the meaning of 'Subsidiary Company'.
6. What is a 'Consolidated Balance sheet'?
7. What is rebate on bills discounted?
8. What is 'Life Insurance fund'?
9. What is Inflation Accounting?
10. What are Conversion factors?

Section -B

5X5=25

Answer **ALL** the Questions

11. a) Discuss the various causes for amalgamation of existing companies.

(Or)

b) Explain the different methods of computing 'Purchase Consideration' at the time of amalgamation.

12. a) The average net profits adjusted for valuation of goodwill of the Balu Co. Ltd. amounted to Rs. 452090. The average profits (before adjustment) were Rs. 404000. 6% represented a fair commercial return. The average "tangible" capital employed was Rs. 2683200, but upon valuations, the capital was revalued at Rs. 2880000. Assuming seven years purchase, find out the value of goodwill.

(Or)

b) The liquidator of SR & Co Ltd is entitled to get a remuneration of 3% on the amount realised from the assets and 2% on the amount distributed to unsecured creditors. From the following particulars calculate the remuneration payable.

- i. Cash realised from assets Rs. 300000
- ii. Preferential creditors Rs. 10000
- iii. Amount due to unsecured creditors Rs. 400000
- iv.

13. a) P Ltd. Acquired 65% shares of Q Ltd. on 1-10-02. P & L a/c in the book of Q Ltd. showed a debit balance of Rs. 40,000 on 1.4.02. on 31.3.03, the Balance sheet of Q Ltd, showed P&L a/c balance of Rs. 1,20,000. Calculate capital profits and Revenue profits.

(Or)

b) H. Ltd purchased 75% of shares in S Ltd. on 1.7.01. on 31.12.01 the Balance sheet of S Ltd. showed Reserve Fund balance on 1.1.01 Rs. 40,000. Profit earned during 2001 Rs. 60,000 and Preliminary expenses unwritten off Rs. 20,000. Calculate Capital profits and Revenue profits.

14. a) The trial balance of National Bank Ltd., as on 31.3.2007, showed the following balances;

(a) Interest and discounts received	Rs. 4540600
(b) Rebate on bills discounted (balance on 1.4.2006)	Rs. 4750
(c) Bills discounted and purchased	Rs. 33700
(d) The amount of unexpired discount on 31.3.2007	Rs.5560

Write necessary adjusting entries and calculate the amount of interest and discount to be credited to profit and loss account.

(Or)

b) The Life assurance fund of Balaji Life Assurance Ltd showed a balance of Rs.7500000 on 1st March 2015. The company has paid interim bonus Rs.200000. Additional expenses expected for the valuation period is Rs.400000. The director of the company proposed to carry forward Rs.250000. the net liability as on 31st March 2015 as per actuarial valuation is Rs.4800000. Prepare (a) Valuation Balance sheet, (b) A statement showing net profit for the period.

15. a) Discuss the significance of human resources accounting.

(Or)

b) Discuss the advantages of Social Responsibility Accounting.

Section -C**3 X 10 = 30**Answer any **THREE** Questions16. The following is the balance sheet of Reckless Ltd, as on 31st March 2016.

Liabilities	Rs.	Assets	Rs.
Subscribed share capital:		Leasehold premises	130800
7500 Preference shares of		Plant	42200
Rs. 100 fully paid	750000	Patents	850000
5000 Equity shares of		Stock	55000
Rs. 100 each fully paid	500000	Debtors	76500
Sundry Creditors	30000	Cash	500
Bank overdraft	20000	Preliminary expenses	12000
		Discount on issue of	
		shares	18000
		Profit & loss A/c	115000
	1300000		1300000

As the company not doing well, the following scheme of reconstruction was adjusted:

- i. The preference shares be reduced to an equal number of fully paid shares of Rs.50 each.
- ii. The equity shares be reduced to an equal number of shares of Rs.25 each.
- iii. The amount available be used to write off the fictitious assts fully, Rs.30800 off the leasehold premises, Rs.15000 off stock, 20% off plant and debtors and the balance available off patents.

Journalise and the balance sheet after the reconstruction has been carried out.

17. The following is the summarized Balance Sheet of a company as at 31.12.2017.

Liabilities	Rs.	Assets	Rs.
Share capital:		Fixed assets	3800000
10000 5% preference shares of		Investments	1025000
Rs. 100 each fully paid	1000000	Stock-in-trade	572000
200000 equity shares of Rs. 10		Sundry debtors	1278000
each fully paid	2000000	Cash at bank	225000
General reserve	1500000		
Profit & Loss A/c	1200000		
6% debentures	800000		
Sundry creditors	275000		
Outstanding expenses	125000		
	6900000		6900000

For the purpose of valuation of shares, fixed assets are to be depreciated by 10% and investments are to be revalued at Rs. 1080000. Debtors will realise Rs. 1214100. Interest on debentures is accrued due for 9 months and preference dividend for 2017 is also due; neither of these has been provided for in the Balance Sheet. Calculate the value of each equity share.

18. The following are the Balance Sheets of H Ltd. and R Ltd. as at 31.3.2018.

Liabilities	H Ltd. Rs.	R Ltd. Rs.	Assets	H Ltd. Rs.	R Ltd. Rs.
Equity share capital, Rs. 10 each	2,00,000	1,20,000	Goodwill	-	20,000
Profit & Loss A/c	1,10,000	1,00,000	Fixed Assets	1,40,000	1,30,000
Current Liabilities	1,00,000	80,000	Current Assets	1,60,000	1,50,000
			9,000 shares in R Ltd. at cost	1,10,000	-
	4,10,000	3,00,000		4,10,000	3,00,000

9,000 shares in R Ltd. were acquired by H Ltd. on 1.4.17 on which date R Ltd. had Rs. 30,000 in its Profit & Loss A/c. Write off Rs. 20,000 from the fixed assets of R Ltd. out of the current year's profits.

Prepare consolidated Balance Sheet as on 31.03.2018.

19. Give the format of Balance sheet of Banking Company.

20. Explain the objectives of Social Responsibility Accounting.

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