

**VIVEKANANDHA COLLEGE FOR WOMEN-UNJANAI**  
**DEPARTMENT OF COMMERCE CA**  
**ADVANCED CORPORATE ACCOUNTING**  
**II M Com CA- Third Semester**

TIME: 3hrs

Max: 75 Marks

## Section –A

(Answer All Questions)

(5 x 5=25 Marks)

1. (a). A limited company issued 10,000 shares of Rs.10 each payable as under: Rs. 2 on application; Rs.3 on allotment; Rs.3 on first call; Rs. 2 on final call. The public applied for 9,000 shares. These were allotted. The final call was not made. All the money due on these shares was received except the first call on 400 shares.

Prepare Bank A/c, share capital A/c, and Balance sheet.

(or) b) The directors of

z co ltd forfeit 10 shares of Rs.50 each belonging to karthik who had paid Rs.5 per share on application, Rs.10 on allotment and Rs.15 on first call but failed to pay the final call of Rs.20. the same shares are then reissued to raj as fully paid on receipt of Rs.400. pass journal entries the forfeiture and the reissue of shares

- 2 (a). Draft the final accounts format.

(Or)

(b). nathiya ltd has a credit balance on P&L a/c of Rs.300000 on 1-4-2002 and the net profit for the year 2002-2003 is rs.3000000. it was decided that the following decisions be carried out regarding provisions, reserves and dividends:

i) general reserve Rs.350000

ii) investment allowance reserve Rs. 350000

iii) provision for taxation @50%

iv) dividend equalization fund a/c Rs.200000

v) dividend on 10% preference shares of Rs.2000000

vi) dividend at 15% on 300000 equity share of Rs.10 each fully paid.

You are prepare to P&amp;L appropriation a/c?

- 3 (a). From the following ledger balances of peoples bank Ltd., prepare profit and loss Account.

Interest paid on deposits	1,60,520	
Salary and provident fund	40,000	
Commission exchange and brokerage	44,240	
Interest received	5,32,260	
Discount on bills discounted	2,43,670	
Profit and sale of fixed assets	30,000	
Printing & stationery	10,000	
Postage and telephones	20,000	(Or)

(b). The revenue account of a life assurance company shows the life Assurance Fund on 31.3.2006 at Rs. 62,21,310 before taking into account of the following :

(i) Claims covered under reinsurance	12,000
(ii) Bonus utilized in reduction of life insurance premium	4,500
(iii) Interest accrued on securities	8,260
(iv) Outstanding premium	5,420

(v) Claims intimated but not admitted 26,500

What is the life assurance fund after taking into account the above omissions?

4 (a).x ltd is negotiating to sell its business to y ltd. Its assets are agreed to be worth Rs. 4000000. Its share capital consists of 10000 equity shares of Rs. 10 each and it has reserves of Rs.50000. workmen's compensation fund amounts to Rs.25000(estimated liability 10000) and provident fund Rs.20000. employees security deposits Rs.10000. trade creditors Rs.80000. ascertain the purchase consideration, if its paid 75%in Rs.10 equity shares of the transferee com and the balance in cash. (Or)

(b).explain about the purchase consideration? What are way should be calculate of purchase consideration?.

5 (a).x ltd purchased 60% shares of y ltd on 1-1-02. When the balance on their P&L a/c and general reserve were Rs.150000 and 160000 respectively. On 31-12-02. The balance sheet of y ltd showed P&L a/c balance of Rs.400000 and general reserve Rs.300000. calculate capital profits and revenue profit. (or)

(b). stock of Rs. 320000 held by Hltd consists of Rs.120000 goods purchased from S ltd who has charged profit on sale of 20% H LTD., acquired 80% of shares of S ltd. Calculate the amount of unrealized profit included in stock.

### Section-B

(Answer the entire following question)

(5 x 10 = 50)

1.(a). On 31<sup>st</sup> March 2005 the balance sheet of H ltd and its subsidiary company S ltd stood as follows:

Liabilities	H ltd	S ltd	Assets	H ltd	S ltd
Equity share capital	8,00,000	2,00,000	Fixed Assets	5,50,000	1,00,000
General Reserve	1,50,000	70,000	75% shares at cost (S ltd)	2,80,000	
Profit &Loss a/c	90,000	55,000	Stock	1,05,000	1,77,000
Creditors	1,20,000	80,000	Other current assets	2,25,000	1,28,000
	11,60,000	4,05,000		11,60,000	4,05,000

Draw a consolidated Balance Sheet as on 31<sup>st</sup> March 2005 after taking into consideration the following information.

- H ltd. Acquired the shares on 31<sup>st</sup> July 2004
  - S ltd earned a profit Rs. 45,000 for the year 31<sup>st</sup> March 2005
  - On January 2005 S ltd., sold goods to H Ltd., for Rs.20,000 costing Rs. 15,000
  - On 31<sup>st</sup> March 2005 half of the goods were lying as unsold in the godown of H.ltd.
- (Or)

(b). the following balance sheets as on 31-12-89

Liabilities	A ltd	Bltd	Assets	A ltd	B ltd
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share capital of Rs.50 each	250,000	100,000	Fixed assets	175000	75000
Creditors	37500	22500	Stock	45000	20000
Reserves	50000	–	debtors	30000	15000
P & L	40000	–	6% debenture in B ltd acquired at par shares in B LTD 1500 Rs 40	60000	–
6% debenture	–	50000	Cash at bank	37500	12500
			P&l a/c	–	50000
	<b>377500</b>	<b>172500</b>		<b>377500</b>	<b>172500</b>

A ltd acquired the shares on 1-4-89. The p&l a/c of B ltd showed a debit balance of Rs.75000. on 1.1.89. Trade creditors of B ltd include Rs. 10000 for goods supplied by A ltd on which A ltd made a profit of Rs 1000. Half of goods were still in stock on 31.12.89. prepare the consolidated balance sheet.

2.(a).The balance sheet of ABC & CO., Ltd. On 31.12.1990 stood as follows:

	Rs(000)	Assets	Rs(000)
Life assurance fund (1-4-05)	1500000	Claims paid	64900
Premium	496000	Annuities	2050
Annuities granted	15000	Bonus in reduction of premium	1600
Interest& dividends	100000	Medical fees	2400
Fines for revival policies	750	Surrenders	4000
Reinsurance premium	20750	Commission	18650
Claims out/standing(1-4-05)	4500	Management exp	22000
		Income tax on dividend	8500

Prepare revenue a/c after making adjustments:

- i) Outstanding balances Rs (000)
- Claims 14000
- Premiums 4600
- ii) Further bonus for premium 2400
- iii) Claim under reinsurance 8000 (or)

(b). From the following Balance sheet of LVB ltd., as on 31<sup>st</sup> December 1995 prepare Balance sheet in the prescribed form.

Particulars	Rs	Particulars	Rs
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Paid up share capital shares of rs. 100 each fully paid)	2000	Current deposits	3800
Bills discounted	1800	Furniture	40
Reserve fund	770	P & L (Cr.)	220
Cash credit	2000	Stamps & Stationery	10
O/D	800	Cash in hand	500
Unclaimed Dividends	10	Cash with reserve bank	1300
Loans	4600	Branch adjustment	170
Investments	950	Loans Credit	1200
Recurring Deposit	1000	Fixed Deposit	2000
Contingency Reserve	170	Cash certificates	1000

Adjustments:

- Rebate on bills discounted Rs.10,000
- Provide Rs.80,000 for doubtful debts
- Banks acceptance on behalf of customers were Rs. 6,50,000

3.X ltd and Y ltd agreed to amalgamate as from 31<sup>st</sup> December 1993 on which date their respective balance sheet were as follows:

Liabilities	X ltd	Y ltd	Assets	X ltd	Y ltd
E.share capital	80,000	25,000	Cash in hand	100	50
Creditors	3,000	1,000	Cash at Bank	3,400	450
Reserves	7,500	4,000	S. Debtors	22,500	6,000
P & L	25000	1,000	Plant	12,000	4,500
			Stock	15,000	7,000
			Premises	30,000	10,000
			Patents	10,000	3,000
	93,000	31,000		93,000	31,000

Draw the B/Sheet of the new company XY Ltd which was incorporated to take over the amalgamated concerns and state number of shares in the new company which will be allotted to the share holders of the old companies. (or)

- (b). following balance sheet of k ltd as on 31-12-80

Liabilities	RS	Assets	RS
2000.shares of Rs.10 each fully paid	20,000	Good will	4000
Creditors	3,000	Fixed assets	16500
debentures	10000	Current assets	19500
P & L	7000		
	40,000		40000

R Ltd agreed to take over the assets of K Ltd (exclusive of one fixed asset of Rs.4000 and cash Rs. 1000 included in current assets) at 10% more than the book values. It agreed to take over creditors also. The purchase price was to be discharged by the issue of 2000 shares of Rs.10 each at the market value of Rs.15 each and the balance in cash. Liquidation expenses came to Rs.400. K Ltd sold the fixed asset of Rs.4000 and realized the book value. It paid off its debentures and liquidation expenses. You are required to give journal entries in the books of K Ltd and R Ltd.

4. a. From the following balances as on 31.12.1988 of a Ltd. Co. prepare P&L a/c for the year and the Balance sheet as on the date

Debits	Rs.	Credits	Rs.
Stock 1.1.1988	33000	Subscribed and Paid up capital	50000
Discounts	6788	Sales	142268
Land	22000	S. Receipts	200
P& M	10700	Creditors	39532
Purchases	91888	Prov. For B.D	5300
Furniture	2750	Discounts Cr.	5904
Debtors	63600	Bank O/D	13823
P & L A/c	4960	Customer Deposit	400
Carriage	3780		
Wages	9016		
Bad Debts	1820		
Office Expenses	10275		
Cash on hand	470		

Adjustment:

- Closing stock Rs. 35460
  - Depreciation on P&M 10% and furniture at 6%
  - Provide 10 % for bad and doubtful debts
  - Customer deposit has been forfeited
  - Proposed dividend at 10%
  - Provision for taxation Rs. 7500
  - A managing director is entitled to 10% commission on net profits before charging such commission.
- (Or)

(b). the silver co ltd was formed on 1-4-97 52000 shares had been issued and subscribed but there were calls in arrear on 100 shares. Prepare trading, p& l a/c and balance sheet.

	RS		RS
Cash at bank	105500	Share capital	519750
plant	40000	sales	179500
mines	220000	Interest on F.D upto dec 31"st	3900
Promotion exp	6000	Dividend on investment	3200
advertising	5000		
Cartage on plant	1800		
Furniture and building	20900		

Administrative exp	28000		
Repairs to plant	900		
Coal and oil	6500		
royalties	10000		
Railway track	17000		
wages	74220		
cash	530		
investment	80000		
Brokerage	1000		
6% F.D in bank	89000		
	706350		706350

Adjustment:

- i) Depreciate plant by 10%, furniture & building 5%.
- ii) Write off a third of the promotion expenses.
- iii) Value of stock 31-3-98 Rs 15000
- iv) The directors forfeited on 20-12-97, 100 shares on RS.7.50 had been paid.

5. (a).B Ltd. issued 1,00,000 equity shares of Rs. 10 each payable Rs. 2.50

Each on application, allotment first and final calls respectively

Applications for 80,000 shares were received and allotment was done in full.

By the end of the accounting year 31.12.89 the following amounts were received.

On 60,000 shares – full amount

On 18,000 shares – Rs. 7.5 per share

On 500 shares – Rs. 5 per share

On 1,500 shares – Rs. 2.50 per share

Shares on which less than Rs.7.50 have been paid were forfeited and reissued at Rs.8 per share on the same date.

Pass entries and show the balance sheet of the company (Or)

b. a company has 10000 9% redeemable preference share of rs.100 each fully paid. The company decides to redeem the shares on 31-12-04 at a premium of 10%. The company makes the following issues:

i) 6000 equity shares of Rs.100 each at a premium of 10%.

ii) 4000, 8% debenture of Rs 100 each.

The issue was fully subscribed and allotments were made. The redemption was duly carried out. The company has sufficient profit. You are required to give the necessary entries.