



Register Number:

DATE:

ST. JOSEPH'S COLLEGE (AUTONOMOUS), BANGALORE-27

M.Com – III SEMESTER

SEMESTER EXAMINATION: NOVEMBER 2019

MCODEA 9318 – ADVANCED CORPORATE ACCOUNTING

Time-2 ½ hrs

Max Marks-70

This paper contains 5 (FIVE) printed pages and four parts

SECTION A

Answer any TEN (10) of the following (10 * 2 Marks = 20 Marks)

1. Define buy back shares according to section 68(1) of Companies Act 2013.
2. What is 'Sweat Equity' shares?.
3. Spinster Limited entered into an underwriting agreement with Bachelor Ltd. for 75% of the issue of Rs 10,00,000 20% debentures with a firm underwriting of Rs. 1,00,000. Marked applications were for Rs. 3,00,000 debentures. Calculate the liability of the underwriter and the commission 2.5% payable to him.
4. Differentiate between absorption and amalgamation.
5. Opening cash balance of ABC limited shows Rs 4,50,000 Index number 200. the company's receipts and payment for the year as follows:

	Receipts	Rs	Index		Payments	Rs	Index
May 25	Sales	2,30,000	210	October 2	Costs	3,00,000	250
July 30	Sales	1,85,000	220	December 1	Costs	2,50,000	280
				March 4	Costs	2,50,000	300

Ascertain the profit or loss on account of price changes. The year end index was 240

6. What are the types of guests in hotel industry?
7. What are the two aspects of Government Accounting System.
8. Write any two factors influence in fixing hotel room price list.
9. What is contingencies reserve in electricity companies?
10. Distinguish between double entry system and double accounts system.
11. Define human resource accounting.
12. Define forensic accounting.

SECTION B

Answer any THREE (3) of the following (3 * 5 Marks = 15 Marks)

13. Authorised capital of Bulbeer Ltd is Rs 20 laksh divided into 2 lakh equity shares of Rs.10 each. It decided to issue 1,60,000 shares for subscription and received applications for 1,70,000 shares. It allotted 1,60,000 shares and rejected remaining applications.

On the date of Balance sheet the company received only Rs 9 per share All shareholders have duly paid the amount called, except one shareholder, holding 10,000 shares who has paid only Rs.7 per share.

You are required to prepare

- Balance sheet assuming there are no other details.
- Notes to the accounts.

14. Discuss the difference between amalgamation in the nature of merger and amalgamation in the nature of purchase.

15. a) A hotel in Bangalore has 864 rooms in total, of which 76 rooms are used by the hotel for its operations and 28 rooms are used by the staff of the hotel. On 2nd January 2019, 646 rooms were occupied by customers. Find the occupancy rate.

b) A hotel in Chennai has 160 single bed rooms, 240 double bed rooms and 6 dormitories having 9 bed each. On 1st February 2019, 120 single bed rooms, 180 double bed rooms and 2 dormitories were occupied by guests. Calculate the bed occupancy rate.

16. A company held the following assets on 31st March 2019

	Land (Rs.)	Buildings (Rs.)	Plant and machinery (Rs.)
Cost of the assets	4,00,000	12,00,000	40,00,000
Depreciation	NIL	3,00,000	16,00,000

Plant and machinery included Rs 10,00,000 purchased on 1st April 2018. Depreciation was charged at 5% p.a on building and 10% p.a on plant and machinery under straight line method. Index number details as follows:

	On the date of purchase	On 1 st April 2018	On 31 st March 2019
Land and building	100	250	300
Building	100	200	220
Plant and machinery	100	180	225

Show how these items appear in the balance sheet as on 31st March 2019 under Current Cost Accounting Method.

17. Discuss the limitations of historical accounting method with examples.

SECTION C

Answer any TWO (2) of the following

(2 * 10 Marks = 20 Marks)

18. Ledger balances taken from the books of the two companies as on 31st March, 2019 stood as under:

Equity and liabilities	A Ltd (Rs.)	B Ltd (Rs.)
Equity share capital		
Equity shares of Rs 10 each, fully paid	18,00,000	4,00,000
Reserves and surplus		
General reserve	3,60,000	1,00,000
Retained Earnings	41,004	25,800
Workmen's compensation fund	24,000	18,000
Current Liabilities		
Trade Payables	1,17,134	60,912
Staff provident fund	20,400	8,000
Provision for taxation	24,600	10,000
	23,87,138	6,22,712
Assets		
Fixed assets		
Tangible Assets		
Plant and machinery	8,24,000	2,00,000
Furniture	1,60,000	60,000
i) Intangible Assets		
Goodwill	4,00,000	1,20,000
Current Assets		
Inventory	5,30,000	1,20,000
Sundry Debtors	4,42,400	92,000
Prepaid insurance		1,400
Income tax refund claim		12,000
Cash in bank	1,738	712
Cash at bank	29,000	16,600
	23,87,138	6,22,712

A Limited amalgamates B Limited on the following agreement.

- All the assets and liabilities purchased at book values.
- The purchase consideration was fixed at Rs 8 lakhs to be discharged by the transferee company in the form of its fully paid equity shares of Rs 10 each
- Amalgamation expenses agreed to Rs 1,000
- Rs 10,000 of the Bills payable of A Ltd consist of bills drawn by B Limited.

Required:

- i. Purchase consideration
 - ii. Show notes of accounts
 - iii. Prepare Consolidated Balance sheet of A Limited immediately after the above mentioned scheme of amalgamation.
19. Define Government Company. Briefly explain the various provisions of the companies Act 2013 applicable to government companies.
20. The income statement for the year ended 31st March 2019 and the balance sheet of Don Limited as on March 2019 are set out below

Income statement for the year ended 31st March 2019

	(Rs.)	(Rs.)
Sales		1,50,000
Cost of goods sold		
Opening stock (FIFO)	30,000	
Purchases	60,000	
	90,000	
Closing stock	(10,000)	(80,000)
Gross profit on sales		70,000
Operating expenses	20,000	
Depreciation	10,000	
Interest on loan	5,000	(35,000)
Net profit for the year		35,000

Balance sheet

	Rs.
Share capital	1,00,000
Bank loan	25,000
Creditors	35,000
Total	1,60,000
Plant and machinery	1,00,000
Stock	30,000
Debtors	18,000
Cash	12,000
Total	1,60,000

Debtors and creditors balances remain constant throughout the year. General Price Index were as given below:

On 1 st April 2018	200
Average for the year	240
On 31 st December	300

You are required to prepare the final accounts for the year 2018-2019 after adjusting price level changes under Current Purchasing Power method.

SECTION D

Compulsory Question

(15 Marks)

21. Prepare a revenue account and the General balance sheet under the Double Account System from the following trial balance as on March 2019 of the ABC Electric Supply Co., Ltd. A call of Re 1 per share was payable on September 2018 and arrears are subject to interest at 10% per annum
Depreciation to be provided for an opening balances, on building 2½% machinery 7½%, main 5% and transformers etc 10%, meter and electrical instruments 15%. Advertising has been prepaid by Rs 5,000 and provision of 5% to be made for

doubtful debts. Provide interest on Depreciation Fund at 4% on the beginning balance.

As on 31 st March 2018	Particulars	As on 31 st March 2019	
		Debit	Credit
	Authorized share capital 3,00,000 shares at Rs 10 each		
6,00,000	Subscribed 15,000 shares at Rs 10 each		7,50,000
4,50,000	6% Debentures		4,50,000
30,000	Depreciation funds		30,000
---	Calls in arrears	30,000	
2,79,000	Freehold land	2,79,000	
1,20,000	Buildings	1,50,000	
1,80,000	Machinery at station	3,00,000	
1,50,000	Mains	2,40,000	
30,000	Transformers, motors	60,000	
15,000	Meters	45,000	
9,000	Electrical instruments	12,000	
48,000	General stores (cables, lamps) in stock	70,500	
7,500	Office furniture	7,500	
	Coal and fuel	49,500	
	Oil, wastes and engine room stores	30,000	
	Coal, oil, etc in stock	3,000	
	Wages at station	75,000	
	Repairs and replacement	30,000	
	Rates and taxes	9,000	
	Salaries of secretary, managers etc	60,000	
	Directors fees	15,000	
	Stationary printing and advertising	18,000	
	Incidental expenses	3,000	
	Law charges	6,000	
	Sales by meters		2,62,500
	Sales by contracts		1,50,000
	Meter rent		9,000
	Sundry creditors		30,000
	Sundry debtors	90,000	
	Cash in hand and bank	99,000	
		16,81,500	16,81,500

Required:

- i) Revenue account for the year ended March 2019
- ii) Net revenue account
- iii) Receipts and expenditure on capital account
- iv) General balance sheet as on March 31, 2019

--- END OF THE QUESTION PAPER ---