



M 27000

Reg. No. : .....

Name : .....

**IV Semester M.A./M.Sc./M.Com. Degree (Reg./Sup./Imp.)  
Examination, March 2015**

**COMMERCE  
Paper – 15 : Corporate Accounting**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

Answer **any five**. Each carries **eight** marks.

1. What is purchase consideration ? Explain the different methods of presenting and ascertaining purchase consideration.
2. Explain the different methods of winding up of companies.
3. Describe the advantages and disadvantages of double account system.
4. Explain the different types of financial analysis.
5. S Ltd., sells its business to P Ltd., the latter to take over the assets at book values and to pay trade liabilities in addition it is to pay S Ltd., Rs. 1,000 towards redemption of its debentures at a premium of 10% and liquidation expenses Rs. 400. The payment of purchase price is to be 2000 shares of Rs. 10 each at an agreed price of Rs. 12 per share and the balance in cash.

**Balance Sheet of S Ltd.**

Share cap.	30,000	Sundry Assets	51,000
P and L a/c	2,000	Workmen compensation	
Workmen compensation fund	1,000	investment	1,000
Bills payable	4,500	Debtors	17,000
Creditors	20,000	Less Prov.	1,500
Debentures	10,000		15,500
	<b>67,500</b>		<b>67,500</b>

Give realisation account in the books of S Ltd.

P.T.O.



6. B Ltd., went into voluntary liquidation. The details regarding liquidation are as follows :

Share capital :

- 1) 2,000 8% preferences shares of Rs. 100 each (fully paid).
- 2) Class-A 2000 equity shares of Rs. 100 each (Rs. 75 paid up).
- 3) Class-B 1600 equity shares of Rs. 100 each (Rs. 60 paid up).
- 4) Class-C 1400 equity shares of Rs. 100 each (Rs. 50 paid up).

Assets including machinery realized Rs. 4,20,000. Liquidation expenses amount to Rs. 15,000.

B Ltd., has borrowed a loan of Rs. 50,000 from 'P' brothers against the mortgage of machinery (which realised Rs. 80,500). In the books of the company salaries of four clerks for four months at a rate of Rs. 300 per month and salaries of four persons for three months at a rate of Rs. 150 per month, are outstanding. In addition to this, the company's books show the creditors worth Rs. 87,400. Prepare liquidator's statement of receipts and payments.

7. The following information of a company is given :

Current Ratio 2.5 : 1

Acid Test Ratio 1.5 : 1

Current liabilities Rs. 50,000

Find out :

- a) Current Assets
- b) Liquid Assets
- c) Inventory.

8. From the following information compute the amount of claim to be debited in the revenue account. Claim paid during the year Rs. 16,00,000, Claims outstanding at the beginning of the year Rs. 80,000, Reinsurances claims Rs. 90,000, expenses on claims Rs. 15,000, claim intimated and accepted but not paid at the end of the year Rs. 6,00,000, claim intimated but not accepted at the end of the year Rs. 45,000.

(8×5=40)



SECTION – B

Answer any two. Each carries 20 marks.

9. X Ltd., absorbed the business of Y Ltd., on 31-12-2006, the balance sheet of the latter company on the date being as under :

L		A	
Capital 20000 shares of Rs. 10 each	2,00,000	Goodwill	25,000
General reserve	15,000	Land and Building	1,00,000
Creditors	15,000	Plant and Machinery	50,000
Bills payable	10,000	Debtors	25,000
		Stock	17,500
		Cash at Bank	15,000
		P and L A/c	7,500
	<b>2,40,000</b>		<b>2,40,000</b>

The terms of agreement were :

- 1) That every 10 equity shares of Y Ltd., X Ltd., issued 12 fully paid equity shares of Rs. 10 each and paid Rs. 10 in cash.
- 2) That all assets and liabilities were taken over except cash to the extent of Rs. 2,500 which was left for meeting realisation expenses.
- 3) That plant and machinery were revalued at Rs. 80,000 and other assets and liabilities remaining at this book values.

You are required to

- a) Calculate the purchase consideration
- b) Ascertain the net value of assets
- c) Calculate goodwill/capital reserve.

10. From the following details find out the claim under a loss of profit policy.

Indemnity period – 6 months

Policy value – Rs. 30,000

Date of fire – 1-4-2010

Dislocation upto – 1-18 2010



Sales for 2009 accounting year	Rs. 1,20,000
Net profit for 2009 accounting year	Rs. 13,000
Standing charges for 2009 accounting year	Rs. 17,000
Sales from 1-4-09 to 31-3-2010	Rs. 1,60,000
Sales from 1-4-10 to 1-8-2010	Rs. 15,000
Sales from 1-4-09 to 1-8-09	Rs. 50,000

There is a clear 10% upward trend in the business.

11. The following is the income statement of a company for the year ending 31<sup>st</sup> March, 2008. Prepare common size income statement.

(in Thousands)

Sales	Rs. 500
Income	20
	<b>520</b>

Expenses :

Cost of sales	325
Office expenses	20
Selling expenses	30
Interest	25
	<b>400</b>
Net profit	120
	<b>520</b>

Tata Electricity Supply Company Ltd., replaces  $\frac{3}{4}$  of an electric line installed 20 years back at a cost of Rs. 20,000 and lays an auxiliary line for the balance length. The total replacement cost for the replaced position amounts to Rs. 45,00,000 and for the auxiliary line Rs. 22,00,000. The old materials realised Rs. 1,20,000. By the time of replacement the cost of laying has increased by 80%. Show the amounts to be capitalised and also show the amount transferred to Revenue A/c and journal entries. **(2×20=40)**