



THE AMERICAN COLLEGE, MADURAI

(An Autonomous Institution Affiliated to Madurai Kamaraj University)

Re-accredited (2nd Cycle) by NAAC with Grade "A", CGPA – 3.46 on a 4-point scale

Backlog Arrear Examination, March 2021

PCO 5601

Advanced Corporate Accounting

Marks: 75

Time: 3 Hrs

Answer any FIVE of the following questions

(5X15=75)

1. X Ltd. makes an issue of 20,000 Equity Shares of Rs.10 each at Rs. 11 on 1st March payable as follows:
Rs. 2 on Application, Rs. 3 on allotment and Rs. 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 Application demanding 10 or more shares and returned money to the applicants for 6,000 shares. One shareholder who was allotted 40 shares paid the first and final call money along-with allotment money and an another shareholder who was allotted 60 shares did not pay allotment interest money but paid along-with first and final call money. The Directors decided to change and allow interest, as the case may be, on calls-in-advance and calls-in-arrears. Give the Journal entries in the books of the company.
2. While closing the books of a bank on 31st Dec. 1989, you find in the loan ledger as unsecured balance of Rs. 2 lakhs in the account of a merchant whose financial condition is reported to you as bad. Interest on the same account amounted to Rs. 20,000 during the year. During the year 1990, the bank accepted 75 paise in the rupee on account of the debt upto 31st December 1989. Give journal and ledger to record these transactions under alternative accounting policies
3. Prepare from the following a life insurance revenue A/C and Balance Sheet as on 11.3.2006.

Particulars	Rs.	Particulars	Rs.
Claims by death	16,890	Outstanding interest on Advances (31.3.2006)	1,944
Agent's salaries & Allowances	6,420	Bonus paid with claims	2,700
Surrender values paid	2,810	Endowment assurance matured	24,415
Actuarial expenses	1,520	Annuities paid	1,350
Premiums	94,836	Interest revenue	19,060
Commission to agents	8,900	Rent, rates & taxes	5,475
Salaries	13,500	General charges	1,860
Medical fees	1,200	Fees received	172
Travelling expenses	1,800	Bonus paid in cash	2,825
Director's fees	900	Advertisement	726
Agents balances	750	Consideration for annuities	12,853
Claim expenses	1,432	Printing and stationery	650

Premium outstanding(1.4.2005)	2,134	Claims O/S (1.4.05)	2,376
Premium outstanding(31.3.2006)	3,143	Claims O/S (31.3.06)	3,735
Investments	1,46,700	Loans on policies	38,300
Share capital	2,00,000	Loans on mortgages	2,90,560
Sundry creditors	9,200	Freehold premises	1,22,600
Life assurance fund (1.4.05)	3,53,672	Furniture & fittings	64,100
Reserve fund	1,46,000	Cash hold and deposit	76,300

4. From the following Balance Sheets of H Ltd. and its subsidiary S Ltd. Drawn up at 31.12.1999, prepare a Consolidated Balance Sheet as at that date, having regard to the following:

Reserve and profit and loss account (Cr) of S. Ltd. Stood at Rs. 25,000 and Rs. 15,000, respectively, on the date of acquisition of its 80% shares held by H. Ltd. On 1.1.1999; and

Machinery (Book value Rs. 1,00,000) and Furniture (Book value Rs. 20,000) of S. Ltd. Were revalued at Rs. 1,50,000 and Rs. 15,000, respectively, for the purpose of fixing the price of its share. There was no purchase or sale of these assets since the date of acquisition.

Balance Sheets of H. Ltd. And S. Ltd. As at 31st December 1999

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Share Capital			Machinery	3,00,000	90,000
Shares of Rs. 100 each	5,00,000	1,00,000	Furniture	50,000	17,000
Reserves	2,00,000	75,000	Other Assets (current)	4,40,000	1,43,000
Profit and Loss a/c	1,00,000	25,000	Shares in S Ltd. 800 at Rs. 200 each	1,60,000	-
Creditors	1,50,000	50,000			
	9,50,000	2,50,000		9,50,000	2,50,000

5. The opening balance sheet and income statement for the year 1996 of Chandra Ltd. are as follows:

Balance sheet as on 01.01.1996

Liabilities	Rs.	Assets	Rs.
Share Capital	7,00,000	Plant & Machinery (New)	6,00,000
10% Debenture	2,00,000	Furniture	80,000
Current liabilities	2,00,000	Inventory	1,20,000
		Debtors	1,00,000
		Cash	2,00,000
	11,00,000		11,00,000

Income Statement for the year ending 31st December 1996

Particulars	Rs.	Rs.
Sales		20,00,000
Less: Cost of Goods Sold:		
Opening Inventory(FIFO)	1,20,000	

Purchases	14,20,000	
	15,40,000	
Closing inventory	1,40,000	14,00,000
Gross Profit		6,00,000
Less: Operating Expenses	3,08,000	
Interest on debenture	20,000	
Depreciation on Machinery	90,000	
Depreciation on Furniture	8,000	4,26,000
Net Profit		1,74,000

Debtors and current liabilities remained unchanged throughout the year Interest on debenture was paid on 31.12.1996. The general price index during the year was as follows:

On 01.01.1996	300
On 31.12.1996	360
Average for the year	320

You are required to prepare the final accounts for the year 1996, after adjusting for price level changes under CPP method.

6. Explain about Social Responsibility Accounting and Elucidate the format of Profit and Loss account and Balance Sheet of the Social Responsibility Accounting.
7. The following is the Trial Balance extracted from the books of Madura Bank Ltd.

Debit Balances	Rs.	Credit Balances	Rs.
Balances with banks	46,350	Share Capital	3,00,000
Investment in Government bonds	1,94,370	Security deposit of employees	15,000
Other Investments	1,55,630	SB Accounts	7,420
Golden Bullion	15,130	Current Accounts	97,000
Interest accrued on Investments	24,620	Fixed deposits	1,13,050
Silver	2,000	Reserve fund	1,40,000
Constituent's liability for acceptances, etc.	56,500	Borrowings from banks	77,230
Building	65,000	Profit and loss A/c	6,500
Furniture	5,000	Bills for collection	43,500
Money at call	26,000	Acceptance and Endorsements	56,500
Loans	2,00,000	Interest	72,000
Bills Discounted	12,500	Commission	25,300
Interest	7,950	Discounts	42,000
Bills for collection	43,500	Rent	600
Audit fees	5,000	Profit on Bullion	1,200
Loss on sale of furniture	1,000	Miscellaneous Income	2,700
Directors fees	1,200	Accumulated depreciation on building	20,000
Salaries	21,200		
Postages	50		
Managing directors Remuneration	12,000		
Loss on sale of investments	30,000		
Cash in hand	25,000		
Cash with RBI	50,000		

Branch Adjustment A/c	20,000		
	10,20,000		10,20,000

You are required to prepare the profit and loss account and balance sheet after taking into consideration the following:

- (i) Bad debts Rs. 500
- (ii) Rebate on bills Rs. 1,000
- (iii) Current year's depreciation on building Rs. 2,000

Some current accounts are over drawn to the extent of Rs. 25,000 and total of credit balances is Rs. 1,22,000.