

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034****B.Com. DEGREE EXAMINATION – COMPUTER APPLICATIONS****FOURTH SEMESTER – APRIL 2022****UCC 4501 – ADVANCED CORPORATE ACCOUNTING**

Date: 15-06-2022

Dept. No. 

Max. : 100 Marks

Time: 09:00 A.M. - 12:00 NOON

**PART – A****Q. No** **Answer ALL questions** **(10 x 2 = 20 Marks)**

- 1 What is 'Non-Performing Assets'?
- 2 Write a note on the following:  
(a) Statutory Reserve (b) Rebate on Bills Discounted
- 3 What is 'Re-Insurance'?
- 4 From the following particulars, calculate the Premium Earned (Net) to be derived in schedule 1 of a life insurance company:

Premium less reinsurance	Rs. 1,61,500
Accrued Premium	5,000
Bonus in reduction of premium(Not yet adjusted)	5,000

- 5 What is 'Minority Interest'?
- 6 X Ltd purchased 60% shares of Y Ltd on 01.01.02 when the balance on their profit and loss account and general reserve were Rs.1,50,000 and Rs.1,60,000 respectively. On 31<sup>st</sup> December 2002, the balance sheet of Y Ltd shows profit and loss account balance of Rs.4,00,000 and General Reserve Rs.3,00,000. Calculate Capital Profits and Revenue Profits.
- 7 What is 'Liquidation' of a company?
- 8 Calculate liquidator's remuneration from the following particulars:  
Assets realized: Rs.6,30,000 including cash balance: Rs.30,000 Liquidator's remuneration: 2% on the assets realized.
- 9 What is the need for inflation accounting?
- 10 What is 'Human Resource Accounting'?

**PART – B****Answer any FOUR questions** **(4 x 10 = 40 Marks)**

- 11 A Company went into liquidation on 31.03.2018: When the following Balance Sheet was prepared:

<b>Liabilities</b>	<b>Rupees</b>	<b>Assets</b>	<b>Rupees</b>
Authorised Capital: 4,000 shares of Rs.10 each	<u>40,000</u>	Goodwill	6,960
Issued Capital: 3,000 shares of Rs.10 each	30,000	Freehold Property	5,000
Unsecured creditors	15,432	Machinery	7,480
Partly secured creditors	5,836	Stock	11,710
Preferential creditors	810	Debtors	9,244
Bank overdraft (unsecured)	232	Cash	100
		Profit & Loss Account	11,816
	<b>52,310</b>		<b>52,310</b>

The liquidator realized the assets as follows:

Freehold property which was used in the first instance to pay the partly secured creditors pro-rata Rs.3,600; Machinery Rs.5,000; Stock Rs.6,200; Debtors Rs.8,700; Cash Rs.100.

The expenses of liquidation amounted to Rs.100 and the liquidator's remuneration was agreed at 2.5% on the amount realized including cash and 2% on the amount paid to unsecured creditors.

Prepare the liquidator's final statement of account.

12 Following is the balance sheet of S Ltd as on 31.03.2014

Liabilities	Rupees	Assets	Rupees
Share Capital: 8% Preference Shares of Rs.100 each	3,75,000	Fixed Assets	16,25,000
Equity shares of Rs.10 each	7,50,000	Investments	3,00,000
General Reserve	4,50,000	Current Assets	2,50,000
7% Debentures	3,50,000		
Current Liabilities	2,50,000		
	21,75,000		21,75,000

R Ltd agreed to takeover the business of S Ltd

(A) Calculate purchase consideration under Net Assets Method on the basis of the following:

- (i) R Ltd agreed to discharge 7% debentures at a premium of 10% by issuing 9% debentures of R Ltd
- (ii) Fixed assets are to be valued at 10% above book value, the investments at par, current assets at 10% discount and current liabilities at book value.

(B) Calculate purchase consideration under Net Payments method on the basis of the following:

- (i) R Ltd agrees to discharge the 7% debentures at a premium of 10% by issuing 9% debentures of R Ltd
- (ii) Preference shares are discharged at a premium of 10% by issuing 10% Preference Shares of Rs.100 each in R Ltd.
- (iii) For every 2 Equity shares in S Ltd 3 Equity shares of Rs.10 each in R Ltd will be issued in addition to cash payment of Rs.3 per Equity Share in S Ltd

13 Explain the advantages and disadvantages of Inflation Accounting.

14 Explain the various approaches for the valuation of Human Resources.

15 The Balance Sheets of X Ltd and Y Ltd as on 31<sup>st</sup> December 2016 are as follows:

Liabilities	X Ltd	Y Ltd	Assets	X Ltd	Y Ltd
Share capital (in shares of Rs.10 each)	2,00,000	1,00,000	Sundry Assets	1,32,500	1,38,200
General Reserve	18,000	20,000	Goodwill	-	20,000
Profit and Loss A/c	24,500	23,000	Shares in Y Ltd at cost	1,40,000	-
Creditors	30,000	15,200			
	2,72,500	15,200		2,72,500	1,58,200

In the case of Y Ltd., profit for the year ended 31<sup>st</sup> December 2016 is Rs.12,000 and transfer to reserve is Rs.5,000. The holding of X Ltd. in Y Ltd. is 90% acquired on 30<sup>th</sup> June 2016.

Draft a consolidated Balance Sheet of X Ltd and its subsidiary

- 16 On 31<sup>st</sup> December 2016, the following balances stood in the books of AD Bank Ltd., after preparation of its profit and loss account.

	Rs. (in '000)
Share Capital:	
Issued and subscribed	4,000
Reserve Fund (under section 17)	6,200
Fixed Deposits	42,600
Savings bank deposit	19,000
Current Accounts	23,200
Money at call and short notice	1,800
Investments	25,000
Profit and Loss Account (Cr) 1 <sup>st</sup> January 2016	1,350
Dividend for 2015	400
Premises	2,950
Cash in hand	380
Cash with RBI	10,000
Cash with other banks	6,000
Bills discounted and purchased	3,800
Loans, Cash Credit and Over Drafts	51,000
Bills Payable	70
Unclaimed Dividend	60
Rebate on Bills discounted	50
Short Loans (borrowing from other banks)	4,750
Furniture	1,164
Other Assets	336
Net Profit for 2016	1,550
Prepare Balance Sheet of the Bank as on 31 <sup>st</sup> December 2016	

- 17 The following balances are abstracted from the books of New Indian Life Insurance Co Ltd as on 31.03.2006

Particulars	Amount Rs('000)	Particulars	Amount Rs('000)
Life Assurance Fund (01.04.2015)	15,00,000	Claims paid during the year	64,900
Premiums	4,96,000	Annuities	2,050
Consideration for annuities granted	15,000	Bonus in reduction of premiums	1,600
Interest & Dividends	1,00,000	Medical fees	2,400
Fines for revival of policies	750	Surrenders	4,000
Reinsurance Premium	20,750	Commission	18,650
Claims Outstanding (01.4.2015)	4,500	Management Expenses	22,000
		Income Tax on Dividends	8,500

Prepare Revenue Account after making the following adjustments:

i	Outstanding Balances:	Rupees (‘000)
	Claims	14,000
	Premiums	4,600
ii	Further bonus for premium	2,400
iii	Claim under reinsurance	8,000

**PART – C**

**Answer any TWO question**

**(2 x 20 = 40 Marks)**

- 18 From the following Balance Sheet relating to H Ltd and S Ltd. Prepare a consolidated Balance Sheet

Balance Sheet as on 31.12.2020

Liabilities	H Ltd	S Ltd	Assets	H Ltd	S Ltd
Share Capital (Shares of Rs.10 each)	10,00,000	2,00,000	Sundry Fixed Assets	8,00,000	1,20,000
Profit and Loss A/c	4,00,000	1,20,000	Stock	6,10,000	2,40,000
Reserves	1,00,000	60,000	Debtors	1,30,000	1,70,000
Creditors	2,00,000	1,20,000	Bills receivable	10,000	-
Bills Payable	-	30,000	Shares in 'S Ltd' at cost (15,000 shares)	1,50,000	
	17,00,000	5,30,000		17,00,000	5,30,000

- (a) All profits of S Ltd have been earned after the shares were acquired by H Ltd. But there was already a reserve of Rs.60,000 on that date.
- (b) All the bills payable of S Ltd were accepted in favour of H Ltd
- (c) The stock of H Ltd includes Rs.50,000 purchased from S Ltd. The profits added was 25% of cost.
- 19 Prepare from the following a Life Insurance Revenue Account and Balance Sheet as on 31.03.2016

Particulars	Rupees	Particulars	Rupees
Claims by death	16,890	Outstanding interest on Advances (31.03.2016)	1,944
Agents Salaries and 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
Claims expenses	1,432	Printing and Stationery	650
Premium outstanding (1.4.2015)	2,134	Claims outstanding (1.4.2015)	2,376
Premium outstanding (31.3.2016)	3,143	Claims Outstanding (31.3.2016)	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 (1.4.2015)	3,53,672	Furniture and Fittings	64,100
Reserve Fund	1,46,000	Cash on hand & Deposits	76,300

- 20 The following is the trail balance extracted from the books of X Bank Ltd

Debit Balances	Rupees	Credit Balances	Rupees
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

Gold 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 Account	6,500
Furniture	5,000	Bills for Collection	43,500
Money at call	26,000	Acceptances 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		
Postage	50		
Managing Director's Remuneration	12,000		
Loss on sale of investments	30,000		
Cash in Hand	25,000		
Cash with RBI	50,000		
Branch Adjustment Account	20,000		
	<b>10,20,000</b>		<b>10,20,000</b>

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
- (iv) Some Current Accounts are over drawn to the extent of Rs.25,000 and total of credit balance is Rs.1,22,000

21 The following are the abridged balance sheets of P Ltd and S Ltd as on 31<sup>st</sup> March 1999.

Liabilities	P Ltd (in Rs.'000)	S Ltd (in Rs.'000)	Assets	P Ltd (in Rs.'000)	S Ltd (in Rs.'000)
Equity Share Capital of Rs.10 each	8,000	3,000	Fixed Assets	11,000	4,730
10% Preference Share capital of Rs.100 each	-	1,000	Current Assets	4,000	1,970
General Reserve	4,610	980			
Statutory Reserve	390	125			
Profit and Loss Account	563	355			
12% Debentures	-	250			
Current Liabilities	1,437	990			
	<b>15,000</b>	<b>6,700</b>		<b>15,000</b>	<b>6,700</b>

On 1<sup>st</sup> April, 1999, P Ltd takes over S Ltd on the following terms:

- (i) P Ltd will issue 3,50,000 equity shares of Rs.10 each at par to the equity shareholders of S Ltd
- (ii) P Ltd will issue 11,000 10% Preference Shares of Rs.100 each at par to the Preference shareholders of S Ltd
- (iii) The debentures of S Ltd will be converted into an equal number of 12.5% debentures of the

same denomination.

You are informed that the statutory reserves of S Ltd are to be maintained for two more years. You are required to show the balance sheet of P Ltd immediately after the above-mentioned scheme of amalgamation has been implemented assuming that:

- (a) The amalgamation is in the nature of merger and
- (b) The amalgamation is in the nature of purchase.

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