



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com.DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

FOURTH SEMESTER – APRIL 2019

17UBC4ES01– ADVANCED CORPORATE ACCOUNTING

Date: 08-04-2019

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

PART – A

Answer **ALL** questions. (10 x 2 = 20 marks)

1. Define Super Profit.
2. From the following details, **calculate Average Capital employed:**
a) closing capital Rs. 80,000 and b) profit earned during the year Rs. 10,000.
3. What are the two types of amalgamation?
4. Specify the four methods of computing purchase consideration.
5. Distinguish: reinsurance and double insurance.
6. Draw Form A- RA of LIC as prescribed by IRDA with related schedules and imaginary figures.
7. IOB discounted a bill of the face value of Rs. 4,00,000 for Rs. 3,90,000 on 23rd January 2019. Of the discount Rs. 1,600 was for the year 2019-2020. Pass journal entries at the time of discounting the bill and closing of accounts on 31st March 2019.
8. What is NPA with reference to bank loans?
9. Who is a contributory?
10. Write a note on statement of affairs.

PART – B

Answer any **FOUR** questions. (4 X 10 = 40marks)

11. Explain purchase of super profit method of valuation of goodwill with imaginary figures.
12. Compare the pooling of interest method of accounting with purchase method of accounting.

13. The following is the balance sheet of XYZ Ltd. as on 31st Dec. 2018:

Liabilities	Rs.	Assets	Rs.
Pref. capital (Rs.100)	4,00,000	Sundry assets	12,00,000
Equity capital (Rs.10)	6,00,000		
Bills payable	50,000		
Creditors	1,50,000		
Total	12,00,000	Total	12,00,000

The market value of 60% of the assets is estimated to be 15% more than book value.

The remaining 40% @10% less than the book value. There is an unrecorded liability of Rs.10,000. **Find the value of each equity share.**

14. LIC prepared its Revenue A/c for the year ended 31/03/2016 and ascertained its Life Assurance Fund to be Rs.28,35,000. It was found later that the following items had been omitted from the accounts:

- Interest accrued on investments Rs.39,000; Income Tax liable to be deducted there on is estimated to be Rs.10,500.
- Outstanding premium Rs.32,800.
- Bonus utilized for reduction of premium Rs.6,750.
- Claims intimated but not admitted Rs.17,400.
- Claims covered under reinsurance Rs.6,500.

What is the true Life Assurance Fund?

15. On 31st Mar. 2019, a Commercial bank, finds its advances classified as follows:

	(Rs.)
Standard assets	14,91,300
Sub-standard assets	92,800
Doubtful assets (secured)	
:doubtful for 1 year	25,660
:doubtful for 1 to 3 years	15,640
:doubtful for more than 3 years	6,580
Loss assets	10,350

Calculate the amount of provision to be made by the bank, against the above mentioned advances.

16. From the following particulars related to a liquidated company, **Calculate the amount of unsecured creditors and preferential creditors:**

The creditors other than the secured creditors were:

	(Rs.)
Trade creditors	1,42,200
Provident fund of workers	11,000
Gas board for gas supplied	420

Dues to City corporation for local taxes	10,000
Salary of clerk for six months	30,000
Salary of peon for four months	6,000
Director's fees	8,000
Income tax due	10,000
Compensation under women's compensation Act	9,000

17. The following figures relate to LIC for the year ended 31st Mar. 2019. **Prepare the Revenue account:**

	(Rs. `000)		(Rs. `000)
Claims	39	Consideration for annuities granted	16.5
Management expenses	14	Surrenders	9
Director fees	4	Premia Received	151
Audit fees	3	Life fund(1.4.2018)	1150
Medical expenses	0.5	Interest received	40
Agent's commission	5	Rent Received	10
Depreciation	4	Claim Cancelled	0.5
Bonus in reduction of Premium	1.5	Annuities	1.5

Adjustments: a) Premium outstanding Rs. 9,000
outstanding Rs.3,000.

b) Claims

PART – C

Answer any **TWO** questions. (2 X 20 = 40marks)

18. Describe the order of payment of liabilities, in case of winding up of a company.

19. The following is the balance sheet of RL Ltd. as on 31st Dec. 2018.

Liabilities	Rs.	Assets	Rs.
Equity capital (Rs.10)	2,00,000	Land	1,10,000
General reserve	40,000	Machinery	1,30,000
Taxation reserve	60,000	Trade mark	20,000
Workmen saving a/c	30,000	Stock	48,000
P&L a/c	32,000	Debtors	88,000
Creditors	98,000	Cash	52,000
		Preliminary expenses	12,000
Total	4,60,000	Total	4,60,000

Revaluation: Machinery- Rs. 1,20,000; Land- Rs. 2,40,000. Rs.8,000 of the debts are bad. The profit of the company have been as follows:

	(Rs.)
2016	80,000
2017	90,000
2018	1,06,000

It is the company's practice to transfer 25% of the profits to reserve. Ignoring taxation, **find out the fair value of the shares**. Similar companies give an yield of 10% on the market value of their shares. Goodwill may be taken to be worth Rs.1,60,000.

20. The following are the abridged balance sheets of P Ltd. and S Ltd. as on 31st Mar. 2019,

Liabilities	P Ltd. (in Rs. '000)	S Ltd. (in Rs. '000)	Assets	P Ltd. (in Rs. '000)	S Ltd. (in Rs. '000)
Equity shares (Rs.10)	8,000	3,000	Fixed assets	11,000	4,730
Preference shares(Rs.100)	----	1,000	Current assets	4,000	1,970
General Reserve	4,610	980			
Statutory reserve	390	125			
P&L a/c	563	355			
12% debentures	----	250			
Current liabilities	1,437	990			
Total	15,000	6,700	Total	15,000	6,700

On 1st Apr. 2019, 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 value.
- (iv) Statutory reserves of S Ltd. are to be maintained for two more years.

Prepare the Balance sheet of P Ltd. after amalgamation in the nature of Purchase.

21. On 31st December 2016. The following balances stood in the books of Asian Bank Ltd., after preparation of its profits and loss account.

Rs.(in'000)

Share capital:	
Issued and subscribed	4,000
Reserve fund (under sec.17)	6,200
Fixed deposits	42,600
Savings bank deposits	19,000
Current accounts	23,200
Money at call and short notice	1,800
Investments	25,000
Profit and Loss account (cr) 1 st Jan 2016	1,350
Dividend for 2015	400
Premises	2,950
Cash in hand	380
cash in RBI	10,000
cash in other banks	6,000
Bills discounted and purchased	3,800
Loans, cash credits 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 31st Dec. 2016.