



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

SIXTH SEMESTER – APRIL 2016

CO 6610 – ADVANCED CORPORATE ACCOUNTING

Date: 21-04-2016

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

PART – A

Answer **ALL** questions:

(10x2=20 marks)

1. What is meant by Double Insurance?
2. What is Commission on Reinsurance Accepted?
3. What is Statutory Reserve?
4. What is the meaning of NPA?
5. H Ltd. acquired 75% of shares in S Ltd. on 1-07-2012 the balance sheet of S Ltd. showed Reserve Fund balance on 1-01-2012 Rs.40,000, profit earned during 2001 Rs. 60,000 and preliminary expenses unwritten Rs.20,000. Calculate capital and revenue profits.
6. Define s Holding Company.
7. What is Liquidation of a company?
8. Who are preferential creditors?
9. Define Amalgamation.
10. What is meant by Intrinsic Value?

PART– B

Answer any **FOUR** questions:

(4x10=40 marks)

- 11.** The Revenue account of a Life Insurance Company showed the life fund at Rs.73,17,000 on 31-12-2005 before taking into consideration the following:

	Rs.
Claims intimated but not admitted	98,250
Bonus utilized in reduction of premium	13,500
Interest accrued on investments	29,750
Outstanding premiums	27,000
Claims covered under re insurance	40,500
Provision for taxation	31,500

Pass journal entries giving effect to the above adjustments and show the adjusted life fund.

- 12. (a)** on 31st Dec 2008, Pandian Bank Ltd. has the following bills:

Date 2008	Amount (Rs.)	Months	Discounting @%p.a.
Nov. 11	50,000	4	6
Nov. 16	60,000	3	5
Nov. 7	40,000	4	5.5

Calculate the rebate on bills discounted and give necessary journal entry, assuming accounts are closed on the date.

(b) While closing its books of accounts, a commercial bank has its advances classified as follows:

	Rs.
Standard assets	160,00,000
Sub-standard assets	13,00,000
Doubtful assets:	
Upto 1 year	7,00,000
1 to 3 years	4,00,000
More than 3 years	5,00,000
Loss assets	5,00,000

You are required to calculate the amount of provision to be made by the bank, assuming that all the doubtful debts are secured.

13. H Ltd. purchased 16,000 out of 20,000 shares of Rs.10 each in S Ltd, for Rs. 2, 80,000. On the date of purchase of shares, S Ltd. had reserve of Rs. 60,000. Rs. 80,000 has been earned by S Ltd, after the purchase of shares. S Ltd., decided to issue bonus shares out of revenue profit in the ratio of 2 shares for every 5 shares held. Calculate the cost of control before and after the issue of bonus shares.

14. A company went into voluntary liquidation on 31-03-2008, when the following Balance Sheet was prepared:

Liabilities	Rs.	Assets	Rs.
Authorised Capital: 4,000 shares of Rs.10 each	40,000	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
		P & L A/c	11,816
TOTAL	52,310	TOTAL	52,310

The liquidator realised 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 realised including cash and 2% on the amount paid to unsecured creditors.

Prepare the liquidator's final statement of account.

15. Following are the balance sheets of two companies, W Ltd. and Z Ltd. as at 31.03.2009.

Liabilities	W Ltd. (Rs.)	Z Ltd. (Rs.)	Assets	W Ltd. (Rs.)	Z Ltd. (Rs.)
Equity shares of Rs. 100 each	5,00,000	3,00,000	Sundry Assets	7,50,000	3,50,000
Reserves	1,00,000	60,000	1,000 shares in W Ltd. at cost	---	1,00,000
Creditors	1,50,000	90,000			
TOTAL	7,50,000	4,50,000	TOTAL	7,50,000	4,50,000

W Ltd. was to absorb Z Ltd., agreeing that the shares of both the companies are worth Rs.120 each. The purchase consideration was to be discharged in the form of fully paid shares. A sum of Rs.20, 000 is owed by W Ltd. to Z Ltd. Also included in the stock of W Ltd. is Rs.30, 000 goods supplied by Z Ltd. at cost plus 20%. Give entries in the books of Z Ltd.

16. Define purchase consideration. Explain various methods of computing it.

17. Write short notes on: (a) Minority Interest (b) Subsidiary company (c) Capital Profit.

PART – C

Answer any **TWO** questions:

(2x20=40 marks)

18. Given below is the trial balance of Mysore Fire Insurance Co. Ltd. As on 31-12-2005

	Rs.		Rs.
Claims paid	1,14,315	Reserve for unexpired risk	2,47,495
Commission to agents	60,590	Claims outstanding (1.1.05)	5,085
Expenses of management	1,99,696	Premium Income	4,03,932
Depreciation	15,419	Interest, Dividend & Rent	34,692
Loss on sale of investment	23,169	Share capital	2,50,000
Income tax on interest, dividend & Rent	10,625	Investment reserve	24,690
Agents balances	54,792	P & L A/c balances(1.1.05)	33,581
Investment in Govt. bonds	3,86,921	Provision for taxes	43,618
Interest accrued on investment	6,028	Sundry creditors	4,919
Outstanding premium	4,019		
Advances & Deposits	12,122		
Cash & Bank balances	65,650		
Furniture & Motor car	94,666		
	10,48,012		10,48,012

You are required to prepare the revenue A/c, P & L A/c and balance sheet as on 31.12.2005 having regard to the following:

- (i) The entire authorized capital has been issued and subscribed.
- (ii) Reserve for unexpired risks at 50%
- (iii) Claims outstanding as on 31.12.85 amounted to Rs.3, 137
- (iv) Provide Rs.20, 000 towards taxation.

19. The following is the trial balance extracted from the books of Big Bank Ltd., as on 31.12.2007

	Debit (Rs.)	Credit (Rs.)
Share Capital: 7,500 shares of Rs.100 each	---	7,50,000
Loans and Advances	80,20,000	---
Bank Premises	5,32,500	---
Govt. Securities	15,30,000	---
General Reserve	---	4,50,000
Deposits	---	96,46,000

Interest and Discounts	---	8,00,000
Interest on Deposits and Borrowings	2,00,000	---
Balance with other banks	1,00,500	---
Money at call and short notice	85,500	---
General expenses	82,500	---
Rent, rates and taxes	6,900	---
Director's fees	4,200	---
Auditor's fees	1,200	---
Bills discounted	90,000	---
Furniture (depn. Upto 1.1.2007 Rs.20,000)	80,000	---
Borrowings from other banks	---	1,05,000
Salaries and allowances	85,500	---
Computer	35,000	---
P & L A/C 1.1.2007	---	37,500
Miscellaneous income	---	300
Commission	---	10,000
Interim dividend	30,000	---
Cash in hand and with RBI	9,15,000	---
TOTAL	1,17,98,800	1,17,98,800

Consider the following information furnished, prepare P & L A/C for the year ending 31.12.2007 and balance sheet on that date in proper form.

- Bills worth Rs.50, 000 were received for collection.
- Interest accrued on investments Rs.12,000
- Rebate on bills discounted Rs.15,000
- Debts amounting to Rs.65,000 were doubtful and provisions is to be made for the same
- Depreciation to be charged at 10% on the original cost of the furniture.

20. The following are the balance sheets of H Ltd. and its subsidiary S Ltd. as on 31.03.2005.

Liabilities	H Ltd. (Rs.)	S Ltd. (Rs.)	Assets	H Ltd. (Rs.)	S Ltd. (Rs.)
Share capital: Rs.10 each Fully paid	6,00,000	2,00,000	Machinery	3,00,000	1,00,000
General Reserve	1,50,000	70,000	Furniture	70,000	45,000
P & L A/C	70,000	50,000	70% shares in S Ltd.	2,60,000	---
Creditors	90,000	60,000	Stock	1,75,000	1,89,000
			Debtors	55,000	30,000
			Cash at bank	50,000	10,000
			Preliminary expenses	---	6,000
TOTAL	9,10,000	3,80,000	TOTAL	9,10,000	3,80,000

H ltd. acquired the shares of S Ltd. on 30th June 2004. On 1st April 2004, S Ltd.'s general reserve and P & L A/C stood at Rs.60, 000 and Rs.20, 000 respectively. No part of preliminary expenses was written off in the year ended 31.03.2005. Prepare consolidated balance sheet of H Ltd. and its subsidiary S Ltd. as on 31.03.2005.

21. Alpha Ltd. And Beta Ltd. Were amalgamated on 1st April 2001. A new company Gamma Ltd. Was formed to take over the business of the existing companies. The Balance sheets of Alpha Ltd. And Beta Ltd. As on 31st March 2001 are given below: (Rs. In lakhs)

Liabilities	Alpha Ltd. (Rs.)	Beta Ltd. (Rs.)	Assets	Alpha Ltd. (Rs.)	Beta Ltd.

					(Rs.)
Share capital:			Fixed Assets	1,200	1,000
Equity share of Rs.100 each	1,000	800	Current Assets, Loans and Advances	880	565
15% Pref. shares of Rs.100 each	400	300			
Revaluation Reserve	100	80			
General reserve	200	150			
P &L A/c	80	60			
12% debentures of Rs.100 each	96	80			
Current liabilities & provisions	204	95			
	2,080	1,565		2,080	1,565

Other information:

- (i) 12% Debentures of Alpha Ltd. and Beta Ltd. are discharged by Gamma Ltd. by issuing adequate number of 16% debentures of Rs.100 each to ensure that they continue to receive the same amount of interest.
- (ii) Preference shareholders of Alpha Ltd. and Beta Ltd. have received same number of 15% preference shares of Rs.100 each of Gamma Ltd.
- (iii) Gamma Ltd. has issued 1.5 equity shares for each equity share of Alpha Ltd. and 1 equity share for each equity share of Beta Ltd. The face value of shares issued by Gamma Ltd. is Rs.100 each.

Prepare the Balance sheet of Gamma Ltd. as on 1st April 2001 after the Amalgamation has been carried.