



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FIFTH SEMESTER – APRIL 2022

UCO 5601 – ADVANCED CORPORATE ACCOUNTING

Date: 20-06-2022

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

PART – A

Answer **ALL** the Questions

(10 x 2 =20 marks)

1. What do you mean by 'Reinsurance'?
2. How do you define the term Discounting of Bills?
3. Write a short note on 'Minority Interest'.
4. Mention the ways in which a company can be liquidated
5. Give a very short note about Amalgamation.
6. Ram Ltd. agrees to purchase the business of Sam Ltd. on the following terms:
 - a. For each of the 20,000 shares of Rs.10 each in Sam Ltd. 4 shares in Ram Ltd. of Rs.10 each will be issued at an agreed value of Rs.24 per share. In addition Rs.4 per share cash also will be paid.
 - b. 10% Debentures worth Rs.1,60,000 will be issued to settle Rs.1,20,000 9% debentures in Sam Ltd.
 - c. Rs.20,000 will be paid towards expenses on winding up. Calculate purchase consideration.
7. Calculate the net claim to be shown in the Revenue account of an Insurance Company :

Claims paid during year ended 31 st March 2015	Rs.5,75,000
Claims outstanding on 1.4.2014	Rs.55,000
Claims outstanding on 31.3.2015	Rs.98,000
Claims covered under re-insurance	Rs.28,000
8. The trial balance of a bank as on 30th June 2014 shows the following balances :

Interest and discount	Rs.45,40,600
Rebate on bills discounted (1.7.2013)	4,750
Bills discounted and purchased	3,37,400

The unexpired discount as on 30th June 2014 is estimated to be Rs.5,560. Calculate the amount of interest and discount to be credited to Profit and Loss account.
9. H Ltd. purchased 75% shares in S Ltd. on 1.7.2013. On 31.12.2013 the balance sheet of S Ltd., showed the reserve fund balance on 1.1.2013 Rs.40,000, profit earned during 2013 Rs.60,000 and preliminary expenses unwritten off Rs.20,000. Calculate capital profits and Revenue profits.
10. From the following information, calculate the remuneration payable to liquidator:-
 - a) Secured Creditors is Rs.60,000 (securities realised is Rs.80,000);
 - b) Other Assets realised is Rs.75,000;
 - c) Liquidators Remuneration is 2.5% on the amounts realized.

PART – B

Answer any **FOUR** Questions

(4 x 10 =40 marks)

11. What is a Valuation Balance sheet? Explain the need for preparing the same.
12. Give the order of payment to be adopted in settlement of creditors.
13. Give a detailed understanding on the Amalgamation in the nature of merger;
14. The life fund of a Life Insurance Company on 31.12.2021 showed a balance of Rs.54,00,000. However the following items were not taken into account while preparing the revenue account for 2021. Ascertain the correct life fund balance.
- | | |
|--|-----------|
| a. Interest and dividends accrued on investments | Rs.20,000 |
| b. Income tax deducted at source on the above | Rs.6,000 |
| c. Reinsurance claims recoverable | Rs.7,000 |
| d. Commission due on reinsurance premium paid | Rs.10,000 |
| e. Bonus in reduction of premiums | Rs.3,000 |

15. On 31st March 2013 a bank held the following bills, discounted by it earlier :

Date of bill 2013	Term of bill month	Discounted %	Amount of bill
a. Jan.17	4	17	Rs.7,30,000
b. Feb.7	3	18	Rs.14,60,000
c. March 9	3	17.5	Rs.3,64,000

You are required to calculate the rebate on bills discounted. Also show the necessary Journal entry for the rebate.

16. The Balance Sheets of Z Ltd and J Ltd. as at 31st December 2021 are as follows:

Liabilities	Z Ltd.,	J Ltd.,	Assets	Z Ltd.,	J Ltd.,
Share Capital (shares of Rs.10/- each)	2,00,000	1,00,000	Sundry Assets	1,32,5000	1,38,200
			Goodwill	NIL	20,000
General Reserve	18,000	20,000	Shares in Dee Ltd @ Cost	1,40,000	----
P & L A/c	24,500	23,000			
Creditors	30,000	15,200			
	2.72,500	1,58,200		2.72,500	1,58,200

In the case of J Ltd. profit for the year ended 31st December 2021 is Rs.12,000 and transfer to general reserve is Rs.5,000. The holding of Z Ltd. in J Ltd. is 90% acquired on June 30th 2021. Prepare a consolidated Balance sheet of Z Ltd. and its subsidiary.

17. On 31st March 018, BOBBY Bank finds its advances classified as follows:

Standard Assets	Rs.14,91,300	Doubtful Assets (1 Year)	Rs.25,660
Sub-standard Assets	Rs.92,800	Doubtful Assets (1 to 3 Yrs)	Rs.15,640
Loss Assets	Rs.10,350	Doubtful Assets (more than 3 Yrs)	Rs.6,580

Calculate the amount of provision to be made by the bank against the above advance.

PART – C

Answer any **TWO** Questions:

(2 x 20 =40 marks)

18. From the following balances of the Madras Bank Ltd., as on 31st March 2014, prepare Balance Sheet of the bank:-

Particulars	Amount	Particulars	Amount
Equity Share Capital	20,00,000	Provident Fund Contribution	20,000
P & L A/c on 01-04-2013 (Cr)	80,646	Salaries and Allowances	1,04,300
Current Deposit Account	68,25,658	Building (Cost Rs.6,00,00)	4,10,000
Fixed Deposit Account	77,91,108	Law Charges	3,300
Saving Bank Account	51,36,000	Cash in hand & with RBI	16,32,648
Directors Fees	9,960	Cash with other banks	24,10,250
Audit Fees	2,000	Investment at Cost	17,56,250
Furniture (Cost Rs.1,00,000)	74,560	Loans, cash credits & overdraft	1,40,00,000
Interest & Discount	4,20,446	Bills discounted	28,01,040
Commission & Exchange	2,04,000	Unexpired Insurance	874
Investment Reserve Fund	70,000	Stamps In Hand	378
Brand Adjustment (Cr)	93,788	Statutory Reserve Fund	1,30,000
Postage and Telegram	2,312	Reserve Fund	4,00,000
Printing & Stationery	6,780	Contingency Reserve	1,00,000
Rent and Taxes	17,014		

Additional Information:-

- The bank has accepted Rs.4,00,000 worth bills on behalf of the customers the securities lodged against which amount to Rs.6,00,000;
- Provide depreciation on building Rs.16,000 and on furniture Rs.7,000;
- Provide for doubtful debts Rs.3,980;
- Rebate on bills discounted amount to Rs.11,800;
- The market value of investments amounted to Rs.17,00,000.

19. The following figures are extracted from the books of Java Insurance Co as on 31 / 03 / 2006:-

Particulars	Amount	Particulars	Amount
Claims paid less reinsurance:-	1,60,000	Commission Paid:-	96,000
Fire	1,24,000	Fire	78,000
Marine		Marine	
General Reserve	2,36,000	Share capital (40000 shares of Rs.100)	40,00,000
Management expenses- Fire	1,06,000	Reserve for Unexpired Risk - Fire	4,08,000
Marine	1,12,000	Marine	2,46,000
Investment in central govt. securities	38,42,000	Depreciation	42,000
Investment in other securities	2,46,000	Interest accrued	50,000
Investment in state govt. securities	4,44,000	Furniture	24,000
Investment in share of companies	4,98,000	Building	1,74,000
Additional reserve - Fire	2,64,000	Office equipment	60,000
Marine	32,000	Cash in hand	1,12,000
		Cash at bank	2,08,000
Premium less reinsurance - Fire	4,22,000	Premiums Due - Fire	56,000
Marine	3,24,000	Marine	40,000
Commission on reinsurance ceded- Fire	46,000	Claims outstanding - 01/04/2005- Fire	28,000
Marine	4,000	Marine	4,000
Tax Deducted at source	18,000	Directors Fees	8,000

Due from other insurers	54,000	Dividends	40,000
Interest on investments	20,000	Contingency Reserve	78,000
Due to other insurers	86,000	Investment Reserve	94,000

Adjustments:-

- Claims outstanding on 31 / 03 / 2006 for fire – 34,000 and marine is Rs.12,000;
- Market value of investments is Rs.48,02,000;
- Increase additional reserve by 10% of net premium in case of fire and to continue for marine;
Prepare Revenue A/c, P & L A/c and balance sheet.

20. Hon Ltd. purchased 1,500 shares in Sen Ltd. on 1.7.2014. The following were their Balance Sheets on 31.12.2014:

Liabilities	Hon Ltd.,	Sen Ltd.,	Assets	Hon Ltd.,	Sen Ltd.,
Share Capital (shares of Rs.100/- each)	6,00,000	2,00,000	Building	4,10,000	2,50,000
			Stock	2,00,000	1,60,000
General Reserve 01 / 01 / 14	2,00,000	1,40,000	Debtors	2,00,000	80,000
P & L A/c	2,00,000	1,20,000	Investment in Sen Ltd.,	2,00,000	NIL
Creditors	1,60,000	80,000	Bills receivable	80,000	90,000
Bills Payable	1,00,000	40,000	Bank	1,20,000	40,000
Current A/c	NIL	40,000	Current A/c	50,000	NIL
	12,60,000	6,20,000		12,60,000	6,20,000

Additional information:

- Bills receivable of Hon Ltd. include Rs.20,000 accepted by Sen Ltd.
 - Debtors of Hon Ltd. include Rs.40,000 payable by Sen Ltd.
 - A cheque of Rs.10,000 sent by Sen Ltd. on 28th December was not yet received by Hon Ltd. on 31st December 2014.
 - Profit and loss account of Sen Ltd. showed a balance of Rs.40,000 on 1.1.2014.
- You are required to prepare a consolidated Balance Sheet of Hon Ltd. and Sen Ltd. as on 31.12.2014.

21. The following is the balance sheet of M/s. Bad Time Ltd., as on 31 / 12 / 2001:-

Liabilities	Amt	Assets	Amt
8,000 6% Preference shares of Rs.100/- each fully paid	8,00,000	Building	4,00,000
4,000 Equity Shares of Rs.100/- each, Rs.75/- per share paid up	3,00,000	Machinery	10,00,000
12000 Equity Shares of Rs.100/- each, Rs.60/- paid up	7,20,000	Copyrights	1,60,000
5% Debentures	4,00,000	Inventory	2,20,000
Interest outstanding on debentures	20,000	Bills Receivable	4,40,000
Creditors	5,80,000	Bank	1,20,000
		P & L A/c	4,80,000
	28,20,000		28,20,000

On that date the company went into voluntary liquidation. The dividends on the preference shares were in arrears for two years and is payable on liquidation. Creditors include a loan of Rs.2,00,000 on mortgage of Building. The assets realised were:- Building – Rs.4,80,000; Machinery – Rs.8,00,000; Copyrights – Rs.1,20,000; Inventory – Rs.2,40,000 and Bills Receivable – Rs.3,20,000. The Winding up expense amounted to Rs.43,600. The liquidator is entitled to a commission of 3% on all assets realised (except cash at bank) and commission of 2% on amounts distributed among unsecured creditors. Preferential creditors amounts to Rs.60,000. All payments were made on 30th June 2002. Prepare liquidators final statement of account.
