

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**B.Com. DEGREE EXAMINATION – COMMERCE****SIXTH SEMESTER – APRIL 2023****16/17/18UCO6MS01 – ADVANCED CORPORATE ACCOUNTING**

Date: 12-05-2023

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

PART – A**(10 x 2 = 20 Marks)****Answer ALL questions**

1. What is meant by Statutory Reserve?
2. Write a short note on: Assets not specifically pledged.
3. Who are called Unsecured Creditors?
4. Defines Amalgamation.
5. What is external reconstruction?
6. Write a short note on: Rebate on bills discounted.
7. What do you mean by reinsurance ceded?
8. What is Minority Share?
9. Who is B contributory?
10. Who is liquidator?

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

11. Distinguish between Net Assets and Net Payment as basis for computation of purchase consideration.
12. Write short notes on the following:
 - a. Holding company & list out the names of any five holding companies in India.
 - b. Mutual Obligation.
13. The balance sheet Ashok & Co. as on 31.12.2022 was as follows:

Liabilities	Rs.	Assets	Rs.
Share capital:		Fixed Assets	2,25,000
8,000 Pref. shares of Rs. 10 each	80,000		
12,000 Equity Shares of Rs. 10 each	1,20,000		
Bank loan	4,00,000	Stock	5,25,000
8% Debentures	1,00,000	Debtors	1,00,000
Interest outstanding on debentures	8,000	Profit & Loss A/c	58,000
Creditors	2,00,000		
	9,08,000		9,08,000

The company went into liquidation on that date. Prepare liquidator's final statement of account after taking into account the following.

- i) Legal Expenses and liquidator's remuneration amounted to Rs. 3,000 & Rs. 10,000 respectively.
 - ii) Bank loan was secured by pledge of stock.
 - iii) Fixed assets were realised at book value and current assets at 80% of book values.
14. The following are the balance of ICAM Bank for the year ended 31.3.2023.

(Rs. in '000)		(Rs. in '000)	
Interest on loans	518	Director's fees	8
Interest on fixed deposits	550	Interest on savings bank deposits	136

Commission received	16	Postage	9
Salaries and allowances	108	Locker rent	2
Discount on bills discounted	292	Transfer fees	1
Rebate on bills discounted	98	Depreciation on bank properties	10
Interest on cash credit	446	Sundry charges	4
Interest on current account	84	Interest on overdrafts	308
Rent and taxes	36		

Other information:

- Provision for bad debts to be made Rs. 90,000
- Provision for income tax required Rs. 5,00,000

From the above information, prepare the profit and loss account of the bank for the year ended 31.3.2023.

15. The life fund of a life insurance company on 31-3-2023 showed a balance of Rs. 54,00,000. However, the following items were not taken into account while preparing the Revenue Account A/c for 2022-23. Taking this into consideration, prepare the Revenue account.

	Rs.
i. Interest and dividends accrued on investments	20,000
ii. Income tax deducted at source on the above	6,000
iii. Reinsurance claims recoverable	7,000
iv. Commission due on reinsurance premium paid	10,000
v. Bonus in reduction of premiums	3,000

16. Raman Ltd. Agrees to purchase the business of Krishnan Ltd. on the following terms:

- For each of the 10,000 shares of Rs. 10 each in Krinhnan Ltd. 2 shares in Raman Ltd. of Rs. 10 each will be issued at an agreed value of Rs. 12 per share. In addition, Rs. 4 per share cash also will be paid.
 - 8% Debentures worth Rs. 80,000 will be issues to settle the Rs. 60,000 9% Debenture in Krishnan Ltd.
 - Rs. 10,000 will be paid towards expenses of winding up.
- Calculate the purchase consideration.

17. S Ltd. has capital of Rs. 2,00,000 in share of Rs. 100 each out of which H Ltd. purchased 75% of the shares at Rs. 2,40,000. The profits of S Ltd. at the time of purchase of shares by H Ltd. were Rs. 1,10,000. S Ltd. decided to make a bonus issue out of pre acquisition profit of one hsare for every five shares held.

Calculate the cost of control of acquiring shares of S Ltd.

- Before the issue of bonus shares
- After the issue of bonus shares.

PART – C

(2 x 20 = 40 Marks)

Answer any TWO questions

18. From the following ledger balances of Indian Bank Ltd. prepare the profit and loss account and balance sheet as on 30th June 2022.

Freehold and leasehold property	4,15,000	Salaries, rent etc.	71,250
Premises and furniture	3,37,500	Staff retirement fund	3,000
Loans and advances	46,65,000	shares and stock	6,37,500
Bills discounted	3,79,500	Govt. securities	6,00,000

Money at call and short notice	2,74,250	other securities	8,25,000
Cash in hand and with RBI	15,84,750	interest accrued and paid	25,500
Interest, discount and commission	2,44,500	Profit and loss A/c 1.7.2021	15,300
premises account -amount written off	22,500	Acceptance on behalf of customers	12,00,000
current accounts and deposits	77,31,450	reserve fund	6,00,000
share capital 12,500 shares of Rs. 100 each	12,50,000	make provision for rebate on bills discounted.	2,450

19. Arun Ltd. went into voluntary liquidation on 31.12.2022. The balance sheet as on 31.12.2022 was as follows:

Liabilities	Rs.	Assets	Rs.
5,000 Equity shares of Rs.100 each, Rs, 75 per shares paid up	3,75,000	Land & Buildings	1,50,000
		Plant & Machinery	5,50,000
5,000 Equity shares of Rs.100 each, Rs 50 per shares paid up	2,50,000	Patents	70,000
		Stocks	1,30,000
2,000 10% Preference shares of Rs. 100 each	2,00,000	Debtors	2,35,000
		Cash at bank	30,000
5% Debenture	3,00,000	Profit & Loss a/c	2,35,000
Interest outstanding on debenture	15,000		
Creditors	2,60,000		
	14,00,000		14,00,000

Additional information:

- Dividends on preference shares are in arrears for one year. The arrears of preference dividend payable on liquidation as per the articles of the company.
 - Creditors include preferential creditors Rs. 25,000 and a mortgage loan for Rs. 1,20,000 secured by a mortgage on Land & Buildings.
 - Assets realized were: Land & Buildings Rs, 2,30,000; Plant & Machinery Rs. 4,50,000; Patents Rs. 45,000; Debtors Rs. 2,00,000 and Stock Rs. 1,15,000.
 - The expenses of liquidation amounted to Rs. 13,500. The liquidator is entitled to remuneration of Rs. 6% on all assets realized (Except cash at bank) and 2 % on amount distributed to unsecured creditors (except preferential creditors).
 - All the payments were made on 30th June 2021.
- Prepare liquidator's final statement on account.

20. From the following balances of ABI General insurance company limited on 31st March 2023, prepare
(a) Fire Revenue A/c; (b) Marine Revenue A/c; (c) Profit & Loss A/c

Particulars	Amount (₹ '000)
Bonus in reduction of premium (Fire)	2,000
Additional Reserve on 1.4.2022 (Fire)	50,000
Commission on reinsurance accepted (Fire)	10,000
Commission on reinsurance ceded (Fire)	30,000
Commission on reinsurance ceded (Marine)	60,000
Management expenses: Fire	1,45,000
Marine	4,00,000

Premium less reinsurance: Fire	6,00,000
Marine	10,80,000
Profit on sale of land	60,000
Miscellaneous receipts	5,300
Interest, divided received	14,000
Depreciation	35,000
Commission paid: Fire	90,000
Marine	1,08,000
Claims paid and outstanding (Marine)	3,80,000
Claims outstanding (fire)	10,000
Claims paid (fire)	1,80,000
Marine fund (1.4.2022)	8,20,000
Fire fund (1.4.2022)	2,50,000
Bad debts recovered	1,200
Share transfer fees	800
Director's fees	5,000
Auditor's fees	1,200
Bad debts: Fire	5,000
Marine	12,000

21. Sun Ltd., acquired 24,000 shares in Moon Ltd., for Rs.3,40,000 on 1st April, 2022. The balance sheet of the two companies on 31st Dec, 2022 were as follows:

Liabilities	Sun Ltd.,	Moon Ltd.,	Assets	Sun Ltd.,	Moon Ltd.,
Share Capital (Rs.10 each)	20,00,000	6,00,000	Goodwill	6,00,000	1,40,000
General Reserve	8,40,000	1,00,000	Buildings	8,00,000	2,00,000
Profit & Loss A/c	5,20,000	1,70,000	Machinery	10,00,000	2,00,000
Sundry Creditors	4,80,000	84,000	Inventory	4,00,000	80,000
Bills Payable	1,60,000	1,20,000	Debtors	6,00,000	2,70,000
			Investment	3,40,000	Nil
			Bills Receivable	1,00,000	60,000
			Bank Balance	1,60,000	1,24,000
	40,00,000	10,74,000		40,00,000	10,74,000

- On 1st Jan, 2022, the P & L A/c of Moon Ltd., stood at Rs.80,000 out of which a dividend of 15% on the then capital of Rs.4,00,000 was paid in June 2022. At the same time a bonus issue of one fully paid share for every two shares held was also made out of general reserve.
- Bills Payable of Moon Ltd., represented bills issued in favour of Sun Ltd., which company still held Rs.80,000 of the bills accepted by Moon Ltd.,
- The entire closing stock of Moon Ltd., represented goods supplied by Sun Ltd., at cost plus 20%.
- Both companies agreed that for services rendered Sun Ltd., should charge Rs.1,000 p.m. from Moon Ltd. Entries for this were not made.

Prepare Consolidated Balance Sheet of the two companies on 31st Dec, 2022.

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