

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**B.Com. DEGREE EXAMINATION – COMMERCE**SIXTH SEMESTER – **NOVEMBER 2016****CO 6610 – ADVANCED CORPORATE ACCOUNTING**

(FROM 12-BATCH)

Date: 16-11-2016

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

SECTION – A**Answer ALL the Questions:**

(10 × 2 = 20)

1. Explain the meaning of "Double Insurance"
2. State the different items shown under "Other liabilities and provisions" (Schedule 5).
3. How do you ascertain the amount of Minority Interest?
4. How do you deal with debenture interest at the time of liquidation if the company is insolvent?
5. How purchase consideration is determined under net asset method?
6. The following balances are extracted from the books of surya life Insurance Corporation:

	Rs.
Life Assurance Fund (as on 31-3-06)	60,00,000
Net liability as per Actuary's Valuation	57,00,000
Interim Bonus Paid	1,50,000

From the above information, calculate the amount due to the policy holders.

7. From the following particulars relating to the Punjab Bank Ltd. ascertain the Profit balance carried over to the Balance sheet.

	Rs.
Net Profit for the year	1,28,000
Profit brought forward from the Previous year	1,20,000
Transfer to Statutory Reserve	25%
Transfer to other reserves	10%
Transfer to proposed dividend	20,000

On 31-12-03, X Ltd. acquired 80% equity shares of Y Ltd. The P&L A/c and General Reserve balances as per balance sheet of Y Ltd. prepared on 31-12-03 amounting to Rs.6,80,000 and Rs.1,44,000 respectively. On the date of acquisition of shares, the assets of Y Ltd. were revalued and gain of Rs.1,20,000 was found out. Calculate Capital profits and Revenue profits.

8. The liquidator of SR & Co.Ltd. is entitled to get a remuneration of 3% on the amount realised from the assets and 2% on the amount distributed to the unsecured creditors. From the following particulars calculate the remuneration payable.

	Rs.
(a) Cash realised from assts	3,00,000
(b) Preferential creditors	10,000
(c) Amount due to unsecured creditors	4,00,000

9. B Ltd. agreed to absorb A Ltd. upon the following terms:

(A) Shares of A Ltd. are to be considered as worth Rs.12 each (of which shareholders) are to be paid one Quarter in cash and the balance in Rs.100 shares of B Ltd. which are to be issued at 25% premium. Total shares were:10,000 in B Ltd. and 20,000 in A Ltd. Ascertain the number of shares to be issued by B Ltd.

PART – B

(4 × 10 = 40)

Answer any FOUR Questions

10. Explain the various methods of calculating purchase consideration.
11. Write short notes on (a) rebate on bills discounted (b) NPA (c) standard assets.

12. (a) Give the List of Preferential creditors.

(b) From the following, you are required to calculate the loss on account of claims to be shown in the Revenue Account for the year ending 31-3-2006.

Intimated in	Admitted in	Paid in	Rs.
2004-05	2004-05	2005-06	45,000
2005-06	2005-06	2006-07	30,000
2003-04	2004-05	2004-05	15,000
2003-04	2004-05	2005-06	36,000
2005-06	2006-07	2006-07	24,000
2005-06	2005-06	2005-06	3,06,000

Claim on account of reinsurance was Rs.75,000.

13. (a) Write a note on (i) Minority Interest (ii) Capital Profit.

(b) As on 31st December 2005, the books of the Hercules bank, include among others, the following balances

	Rs.
Rebate on bills discounted (1.1.2005)	3,20,000
Discount received	46,00,000
Bills discounted and purchased	3,15,47,000

Throughout 2005, the bank's rate of discounting has been 18%.

On investigation and analysis, the average due date for the bills discounted and purchased is calculated as 14th February, 2006.

Show the calculation of the amount to be credited to the banks Profit and Loss A/c under discount earned for the year 2005. Show also the journal entries required to adjust the above mentioned accounts.

14. From the following summarised Balance Sheets of H Ltd. and S Ltd. as on 31-12-2004, prepare a consolidated Balance Sheet of the two companies.

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Share capital : Shares of Rs.10 each fully paid	25,00,000	12,50,000	Fixed assets	18,10,000	15,75,000
Reserves	7,50,000	5,00,000	Investments(1,00,000 shares in S Ltd.)	11,00,000	-
Creditors	2,25,000	2,00,000	Current assets	5,65,000	3,75,000
	34,75,000	19,50,000		34,75,000	19,50,000

H Ltd. purchased the shares in S Ltd. on 1st January 2004, when reserves in S Ltd. stood at Rs.3,00,000 and in H Ltd. at Rs.4,50,000.

15. The following particulars relate to a limited company which has gone into voluntary liquidation. You are required to prepare the liquidator's final account allowing for his remuneration 3% on the amount realised and 2.5 % on the amount paid to the unsecured creditors.

Share capital issued:

5,000 preference shares of Rs.100 each (fully paid)

30,000 equity shares of Rs.10 each fully paid.

12,000 equity shares of Rs.10 each Rs. 8 paid up.

Assets realised Rs.9,24,000 excluding amount realised by sale of securities held by the secured creditors.

	Rs.
Preferential creditors	24,000
Unsecured creditors	8,51,094
Secured creditors (security realised Rs.1,62,000)	1,38,000
Debentures having a floating charge on the assets	3,00,000
Expenses of liquidation amounted to Rs.9,000	

A call of Rs.2 per share on the partly paid equity shares was duly paid except in case of one shareholder owning 1,200 shares.

16. The following is the balance sheet of Samy Ltd. as on 31-3-2004 Romy Ltd. agreed to takeover the business of Samy Ltd.

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

Calculate purchase consideration under Net assets method on the basis of the following and Prepare Ledger accounts in the books of Vendor's company and Journal entries in the Purchasing company.

- (i) Romy Ltd. agreed to discharge 7% debentures at a premium of 10% by issuing 9% debentures of Romy 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.

PART – C

Answer any TWO Questions

(2 x 20 = 40)

17. The following is the Trial balance 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	-
Government 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 1.1.07 Rs.20,000)	80,000	-
Borrowings from other banks	-	1,05,000
Salaries and allowances	85,500	-
Computers	35,000	-
Profit & Loss A/c on 1.1.07	-	37,500
Miscellaneous income	-	300
Commission	-	10,000
Interim dividend	30,000	-
Cash in hand and with RBI	9,15,000	-
	1,17,98,800	1,17,98,800

Considering the following information furnished, prepare Profit and Loss Account for the year ending 31.12.07 and balance sheet as on that date in the proper form

- Bills worth Rs.50,000 were received for collection
 - Interest accrued on investment Rs.12,000
 - Rebate on bills discounted Rs.15,000
 - Debts amounting to Rs.65,000 were doubtful and provision is to be made for the same.
 - Depreciation to be charged at 10% on the original cost of the furniture.
19. X Ltd. purchased 750 shares in Y Ltd. on 1.7.04. The following were their balance Sheets on 31.12.04.

Liabilities	X Ltd. Rs.	Y Ltd. Rs.	Assets	X Ltd. Rs.	Y Ltd. Rs.
Share capital : Share of Rs.100	3,00,000	1,00,000	Buildings	2,05,000	1,25,000
Gen.reserve on 1.1.04	1,00,000	70,000	Stock	1,00,000	80,000
Profit & Loss A/c	1,00,000	60,000	Debtors	1,00,000	40,000
Creditors	80,000	40,000	Investments in Y Ltd.	1,00,000	-
Bills payable	50,000	20,000	Bills receivable	40,000	45,000
Current Account: X Ltd.	-	20,000	Cash at bank	60,000	20,000
			Current Account: Y Ltd.	25,000	-
	6,30,000	3,10,000		6,30,000	3,10,000

Additional information

- Bills receivable of X Ltd. include Rs.10,000 accepted by Y Ltd.
 - Debtors of X Ltd. include Rs.20,000 payable by Y Ltd.
 - A cheque of Rs.5,000 sent by Y Ltd. on 28th December was not yet received by X Ltd. on 31st December 04.
 - Profit and Loss A/c of Y Ltd. showed a Balance of Rs.20,000 on 1.1.04
- You are required to prepare a consolidated Balance Sheet of X Ltd. and Y Ltd. as on 31.12.04.
20. The Insol Ltd. is to be liquidated. Their summarised Balance Sheet as at 30th Sep. 2003 appears as under:

Liabilities	Rs.	Assets	Rs.
2,50,000 equity shares of Rs.10 each	25,00,000	Land & Buildings	5,00,000
Secured debentures (on Land & Buildings)	10,00,000	Other fixed assets	20,00,000
Unsecured loans	20,00,000	Current assets	45,00,000
Trade creditors	35,00,000	Profit & Loss A/c	20,00,000
	90,00,000		90,00,000
Contingent liabilities are:			
For bills discounted	1,00,000		
For excise duly demands	1,50,000		

On investigation, it is found that the contingent liabilities are certain to devolve and the assets are likely to be realised as follows:

Land & Buildings	11,00,000		
Other fixed assets	18,00,000		
Current assets	35,00,000		

Taking the above into account, prepare the statement of affairs.

21. Following is the Balance Sheet of K Ltd. as on 31.12.2010.

Liabilities	Rs.	Assets	Rs.
2,000 shares of Rs.10 each fully paid	20,000	Goodwill	4,000
Profit & Loss A/c	7,000	Fixed assets	16,500
Debentures	10,000	Current assets	19,500
Creditors	3,000		
	40,000		40,000

R Ltd agreed to take over the assets of K.Ltd. (excluding of one fixed asset of Rs.4,000 and cash Rs.1,000 included in current assets) at 10% more than the book values. It agreed to take over creditors also. The purchase price was to be discharged by the issue of 2,000 shares of Rs.10 each at the market value of Rs.15 each and the balance in cash. Liquidation expenses came to Rs.400.

K Ltd. sold the fixed asset of Rs.4,000 and realised the book value. It paid off its debentures and liquidation expenses.

You are required to give journal entries in the books of K Ltd. and R Ltd.
