LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – **COMMERCE**

FIFTH SEMESTER – **APRIL 2024**

UCO 5601 – ADVANCED CORPORATE ACCOUNTING

Date: 13-04-2024 Dept. No. Max. : 100 Marks
Time: 09:00 AM - 12:00 NOON

	SECTION A - K1 (CO1)
	Answer ALL the Questions (10 x 1 = 10)
1.	**Fill in the blanks**:
a)	Lockers rent is shown in the P & L A/c of Bank under the head --------------------.
b)	In life insurance revenue account, schedule 4 is named as -------------------------------------.
c)	The excess of the share in equity or net assets of the subsidiary over and above the price paid for the investment is shown as ---------------------------.
d)	Excess purchase consideration paid accounted as goodwill under the purchase method of accounting for amalgamation should be written off within a period of ---------- years.
e)	Assets not specifically pledged are shown in the statement of affair at --------------------- values.
2.	State whether the following statements are **True or False**:
a)	Only after having written off preliminary expenses, brokerage and commission in issue of shares, the banking company can pay dividend on its shares.
b)	Profit and Loss Appropriation Account is a part of financial statement of insurance companies.
c)	Profits earned by a subsidiary company up to the date of acquisition of shares by the holding company is to be treated as capital profit.
d)	The method of accounting used to record amalgamation in the nature of merger is called pooling of interest method.
e)	The liquidator's final statement of account is prepared only in case of compulsory winding up by the court.
	SECTION A - K2 (CO1)
	Answer ALL the Questions (10 x 1 = 10)
3.	**Match the following**:
a)	a) Rebate on bills discounted — 1) Unsecured Creditors
b)	b) Claims paid by Life Insurance Companies — 2) Schedule 14
c)	c) Provision for unexpired risk — 3) Shareholder
d)	d) Contributory — 4) Schedule 5
e)	e) List E — 5) Schedule 4
4.	**Answer the following**:
a)	What is Non-Performing Asset?
b)	Write a short note on "Reversionary Bonus"
c)	Define "Holding Company".
d)	How is intrinsic value computed?
e)	Who is 'List-B contributory'?
	SECTION B - K3 (CO2)
	Answer any TWO of the following Questions. (2 x 10 = 20)
5.	Distinguish between Amalgamation in the nature of Merger and Amalgamation in the nature of Purchase.
6.	Explain briefly on the following: a) Bills for Collection, b) Commission on reinsurance ceded, c) Annuity, d) Cost of Control.
7.	The capital of the D Ltd was as follows: 4,000 equity shares of Rs.100 each fully paid. 3,000 equity shares of Rs.100 each, Rs.80 per share paid up. 1,000 preference shares of Rs.100 each, fully paid (these shares have preference as to capital). 1,000 deferred shares of Rs.100 each, Rs.80 per share paid-up (these shares, under the articles are to be paid after satisfying the claims of equity shareholders). The liquidator made a call of the remaining Rs.20 on deferred shares which was paid in full. He also realised all the assets amounting to Rs.1,91,000. The various creditors amounted in all to Rs.1,00,000 including the liquidator's remuneration Rs.2,500 paid.

A call of Rs.15 per share was made on equity shares which were partly paid up. This was paid in full with the exception of that on 100 shares.
Show Liquidator's Final Statement of Account.

8. On 31st March, 2018 a bank held the following bills, discounted by it earlier.

Date of Bill	Term of Bill	Discounted at % p.a	Amount of Bill (Rs.)
January, 17	4	17	7,30,000
February, 7	3	18	14,60,000
March, 9	3	17.5	3,64,000

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

SECTION C – K4 (CO3)

Answer any TWO of the following Questions: (2 x 10 = 20)

9. Give a proforma of statement of affairs and deficiency account with imaginary figures.

10. A Life Assurance Company disclosed a fund of Rs.40,00,000 on 31/03/2019 before taking into consideration of the following:
a) A claim of Rs.20,000 intimated and admitted but not paid during the year.
b) A claim of Rs.12,000 outstanding in the books for 7 years is to be written off.
c) Interest on securities accrued Rs.1,600 but not received during the year.
d) Premium of Rs.1,200 is payable under reinsurance.
e) Reinsurance recoveries Rs.52,000.
f) Bonus utilised in reduction of premium Rs.20,000.
g) Agent's commission to be paid Rs.16,000.
Pass the necessary journal entries for the above omissions, recompute the life assurance fund as on 31/3/2019.

11. The following are the Balance sheet of R Ltd and S Ltd as on 31st March, 2021

Liabilities	R Ltd Rs.	S Ltd Rs.	Assets	R Ltd Rs.	S Ltd Rs.
Share Capital Rs.10 each	2,00,000	4,00,000	Fixed Assets	2,40,000	5,00,000
General Reserve	80,000	1,20,000	Debtors	40,000	20,000
P & L A/c	20,000	-----------	Stock	60,000	80,000
Creditors	60,000	1,00,000	Cash	20,000	20,000
	3,60,000	6,20,000		3,60,000	6,20,000

S Ltd agreed to absorb R Ltd on the following terms:
S Ltd to give one share of Rs.10 each at an agreed value of Rs.30 per share for every three shares in R ltd.
The shares of S Ltd are quoted in the market at Rs.45 per share.
The creditors is to be taken over.
Give the required journal entries in the books of S Ltd and the Balance Sheet after the absorption is completed if the amalgamation is in the nature of purchase.

12. From the following balance sheet of H Ltd and its subsidiary S Ltd as on 31/12/2020. Prepare a consolidated Balance Sheet as on that date having taken into account of the following:
1) Reserve and Profit and Loss Account (Cr) of S Ltd stood at Rs.50,000 and Rs.30,000 respectively on the date of acquisition of its 80% shares held by H Ltd as on 01/01/2020.
2) Machinery Book Value of Rs.2,00,000 and Furniture Book Value of Rs.40,000 of S Ltd were revalued of Rs.3,00,000 and Rs.30,000 respectively for the purpose of fixing the price of its shares there was no purchase or sale of these assets since the date of acquisition.

Balance Sheets of H Ltd and S Ltd as at 31st December, 2020

Liabilities	H Ltd Rs.	S Ltd Rs.	Assets	H Ltd Rs.	S Ltd Rs.
Share Capital Rs.100 each	10,00,000	2,00,000	Machinery	8,00,000	1,80,000
Reserves	4,00,000	1,50,000	Furniture	1,00,000	34,000
P & L A/c	2,00,000	50,000	Current Assets	6,74,000	2,86,000
Creditors	3,00,000	1,00,000	Shares in S Ltd 1,600 at Rs.200	3,26,000	----------
	19,00,000	5,00,000		19,00,000	5,00,000

SECTION D – K5 (CO4)

Answer any ONE of the following Questions: (1 x 20 = 20)

13. From the following information, prepare Profit and Loss Account and Balance Sheet of AZN Bank Ltd for the financial year March, 2021 with the relevant schedules:

Debit Balances	Rs. in '000	Credit Balances	Rs.in '000
Reserve fund investment	350	Share Capital	500
Money at call and short notice	450	Reserve Fund	350
Investments	2500	Fixed Deposits	950
Interest accrued and paid	200	Savings bank deposits	3000
Rent	20	Current Deposits	8000
Salaries	69	Profit and Loss A/c 1/4/2020	200
Directors fees	6	Bank overdraft	310
P F Contributions	5	Unclaimed Dividends	20
General Expenses	10	Traveller's Cheques	500
Premises	1200	Borrowed from banks	800
Cash	150	Interest and discounts	700
Stock of Stationery	10	Commission	50
Cash with RBI	1400	Branch Adjustments	340
Balance with other Banks	1600		
Owing by foreign correspondent	100		
Bills discounted	600		
Loans	3000		
Cash credit and overdraft	4000		
Dividend	50		
	15,720		15,720

Adjustments: (Rs. in thousands)
1) Rebate on bills discounted is Rs.5.
2) A provision for doubtful debts amounting Rs.30 is required.
3) Create provision for taxation to the extent of Rs.100.
4) Charge 5% depreciation on premises on original cost.
5) Traveller's cheques paid amounted to Rs.20.

14. The following are the Balance Sheets of H Ltd and S Ltd as on 31st March, 2022

Liabilities	H Ltd Rs.	S Ltd Rs.	Assets	H Ltd Rs.	S Ltd Rs.
Share Capital (Rs.100)	5,00,000	4,00,000	Fixed Assets	2,50,000	2,00,000
General Reserve	1,00,000	1,00,000	Investment in S Ltd	2,50,000	------------
Profit and Loss Account	2,00,000	1,50,000	Current Assets	4,00,000	5,50,000
Current Liabilities	1,00,000	1,00,000			
	9,00,000	7,50,000		9,00,000	7,50,000

The following further information is furnished:
1) H Ltd acquired 2,000 shares in S Ltd on 1/4/2021 when the latter's general reserve and profit and loss account were Rs.2,50,000 and Rs.1,00,000 respectively.
2) On 30/6/2021, S Ltd declared 20% dividend out of pre-acquisition profits and H Ltd credited the same to its profit and loss account.
3) On 31/10/2021, S Ltd issued bonus shares in the ratio of 3 shares for 5 shares held out of the general reserve. H Ltd made no entry in its books for the bonus shares received.
4) S Ltd owed H Ltd Rs.50,000 on 31/3/2022 on account of goods supplied on credit. However, all of those goods were already disposed off by S Ltd.
Prepare a consolidated Balance Sheet as at 31st March, 2022.

SECTION E – K6 (CO5)

Answer any ONE of the following Questions: (1 x 20 = 20)

15. From the following balances of United General Insurance Ltd as on 31st March, 2019 Prepare:
1) Revenue Account for Fire and Marine businesses, 2) Profit and Loss Account

Particulars	Rs. '000	Particulars	Rs. '000
Provision for unexpired risk on 1/4/2018 Fire Marine	 500 1,640	Premium received Fire Marine	 1,200 2,160
Additional reserve on 1/4/2018 Fire	 100	Difference in exchange (Cr)	0.6
Bad debts Fire Marine	 10 24	Expenses of Management Fire Marine	 290 800
Auditors fees	2.4	Profit on sale of land	120
Directors fees	10	Interest, Dividend etc.,	28
Share transfer fees	1.6	Miscellaneous receipts	10
Bad debts recovered	2.4	Depreciation	70
Claims paid Fire Marine	 380 760	Commission earned on reinsurance ceded Fire Marine	 60 120
Commission Paid Fire Marine	 180 216		

Provision for unexpired risk is to be kept at 50% of the net premium for fire and at 100% for marine departments and the additional reserve in case of fire insurance is to be increased by 5% of the net premium.

16. The following are the summarized Balance Sheets of M Ltd and N Ltd.

Liabilities	M Ltd	N Ltd	Assets	M Ltd	N Ltd
Share Capital Rs.100 each	1,00,000	1,50,000	Fixed Assets	65,500	1,55,500
Profit and Loss A/c	---------	50,000	Investments in 2500 shares of M Ltd	----------	23,750
Creditors	17,500	97,250	Bank		68,000
			Profit and Loss A/c	3,500	--------
	1,17,500	2,97,250		1,17,500	2,97,250

N Ltd agreed to acquire the business of M Ltd at Book Values of assets and liabilities. Expenses of liquidation of Rs.450 were also incurred by N Ltd. Purchase consideration was settled in 500 fully paid shares of Rs.100 each and the balance in cash. Close the books of M Ltd and give journal entries in the books of N Ltd.

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