



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FIFTH SEMESTER – JULY 2024

UCO 5601 – ADVANCED CORPORATE ACCOUNTING

Date: 13-06-2024

Dept. No.

Max. : 100 Marks

Time: 10:00 AM - 01:00 PM

SECTION A - K1 (CO1)

Answer ALL the Questions

(10 x 1 = 10)

1. Fill in the blanks:

- a) ----- implies the value agreed upon for the net assets taken over.
- b) A ----- is an enterprise that is controlled by another enterprise.
- c) ----- bonus is that which is payable only on the maturity of the policy.
- d) Balances with banks and Money at call & short notice is shown in schedule -----.
- e) ----- is a list of preferential creditors and the amounts due.

2. True or False:

- a) The unearned discount is known as Rebate on Bills discounted.
- b) Annuities due is shown in the Schedule - 12 of financial statement of Life Insurance Business.
- c) Cost of Control account is credited with Capital Profit.
- d) Purchase Consideration refers to the payment by the transferee company to the shareholders of the transferor company.
- e) AS-14 meant for accounting for amalgamation and now IND AS -103 is applicable.

SECTION A - K2 (CO1)

Answer ALL the Questions

(10 x 1 = 10)

3. Match the following:

- | | |
|-------------------------|-----------------------|
| a) a) Advances | 1) Schedule 14 |
| b) b) Deposits | 2) Schedule 4 |
| c) c) Provisions | 3) Schedule 9 |
| d) d) Benefits paid Net | 4) Deficiency Account |
| e) e) List H | 5) Schedule 3 |

4. Answer the following:

- a) What is Contingent Liability?
- b) Write a short note on "Reversionary Bonus"
- c) Define "Holding Company".
- d) Who is 'List-B contributory'?
- e) What is Purchase Consideration?

SECTION B - K3 (CO2)

Answer any TWO of the following in 100 words

(2 x 10 = 20)

- 5. Distinguish between Pooling of Interest Method and Purchase Method.
- 6. Explain briefly on the following:
a) Non-Performing Assets, b) Reinsurance, c) Annuity, d) Minority Interest.
- 7. The trial balance of KP Bank Ltd as on 31st Marchn 2020 shows the following balances:
Interest Earned (including discount on bills) Rs.45,40,600
Rebate on bills discounted on 1st April 2019 – Rs.4,750
The amount of unexpired discount as on 31st March 2020 – Rs.5,560

	You are required to pass necessary journal entries, and show the ledger account of Interest and discount.					
8.	.LT Ltd went into liquidation with the following liabilities: Secured creditors Rs.40,000 (securities realized Rs.50,000) Preferential creditors Rs.1,200 Unsecured creditors Rs.61,000 Liquidation creditors Rs.500 The liquidator is entitled to a remuneration of 3% on the amounts realized (including securities in the hands of secured creditors) and 1.5% on the amount distributed to the unsecured creditors. The various assets (excluding the securities in the hands of the secured creditors) realized Rs.52,000. Prepare the liquidator’s statement of account showing the payment made to unsecured creditors.					
SECTION C – K4 (CO3)						
	Answer any TWO of the following in 100 words				(2 x 10 = 20)	
9.	Give a proforma of statement of affairs with imaginary figures.					
10.	The revenue account of a life insurance company the life assurance fund on 31 st March 2015 at Rs.62,21,310 before taking into account the following items: 1) Claims covered under re-insurance Rs.12,000 2) Interest accrued on securities Rs.8,260 3) Bonus utilized in reduction of life insurance premium Rs.4,500 4) Outstanding premium Rs.5,410 5) Claims intimated but not admitted Rs.26,500 What is the life assurance fund after taking into account of the above omissions?					
11.	A) Write a short note on Net Payment Method of calculating the purchase consideration. (4 Marks) B) Calculate the purchase consideration payable to S Ltd by P Ltd. Consider the following balance sheet of S Ltd and terms.					
	Liabilities	Rs.	Assets	Rs.		
	Share Capital 20,000 11% Preference Shares of Rs.100 each fully paid up	20,00,000	Sundry Assets	2,10,00,000		
	8,00,000 Equity shares of Rs.10 each fully paid up	80,00,000				
	Reserves	50,00,000				
	Sundry Liabilities	60,00,000				
		2,10,00,000		2,10,00,000		
	P Ltd takes over the business of S Ltd and agrees to give for each 11% preference share in S Ltd. Ten, 12% preference shares of Rs.10 fully paid up at par in P Ltd and for each equity share in S Ltd Re.1 in cash and one fully paid equity share in P Ltd of Rs.10 valued at Rs.15. (6 Marks)					
12.	. The following is the balance sheet of S Ltd as on 31 st March, 2019.					
	Liabilities	H Ltd (Rs.)	S Ltd (Rs.)	Assets	H Ltd (Rs.)	S Ltd (Rs.)
	Share Capital Rs.10 each	5,00,000	2,00,000	60% of shares in S Ltd at cost	1,62,400	-----
	Gen. Reserve	1,00,000	50,000	Fixed Assets	3,00,000	1,00,000
	P&L A/C	60,000	55,000	Current Assets	2,77,600	2,39,000
	Creditors	80,000	40,000	Preliminary Expenses	-----	6,000
		7,40,000	3,45,000		7,40,000	3,45,000
	H Ltd acquired the share on 1 st April 2018 on which date General Reserve and Profit and loss account of S Ltd showed balances of Rs.40,000 and Rs.8,000 respectively. No part of preliminary expenses was written off during the year ending 31at March 2019. Prepare the consolidated balance sheet of H Ltd and its subsidiary S Ltd as on 31 st March, 2019.					

SECTION D – K5 (CO4)

Answer any ONE of the following in 250 words

(1 x 20 = 20)

13. The following are the balances of XYZ Bank Ltd for the year ended 31st March 2018:

Particulars	Rs.
Interest on loans	5,18,000
Interest on fixed deposits	5,50,000
Commission received	16,400
Salaries and allowances	1,08,000
Discount on bills discounted	3,90,000
Interest on cash credits	4,46,000
Interest on current accounts	84,000
Rent and taxed	36,000
Interest on overdrafts	3,08,000
Directors' fees	8,400
Interest on savings a/c	1,36,000
Postage and telegrams	8,600
Lockers rent	2,000
Transfer fees	1,400
Depreciation on Bank's properties	10,000
Sundry charges	3,400

Other Information:

- Rebate on Bills Discounted Rs.98,000
- Bad Debts Rs.80,000
- Provision for Income Tax Rs.3,00,000.

From the above information, prepare the Profit and Loss Account of the bank for the year ended 31st March, 2018

14. H Ltd acquired as investment 15,000 shares in S Ltd for Rs.1,55,000 on 1st July 2019. The balance sheets of the two companies on 31st March 2020 were as follows:

Liabilities	H Ltd (Rs)	S Ltd (Rs.)	Assets	H Ltd (Rs)	S Ltd (Rs.)
Eq.Sh. Capital Rs.10 each	9,00,000	2,50,000	Machinery	7,00,000	1,50,000
General Reserve	1,60,000	40,000	Furniture	1,00,000	70,000
P & L A/C	80,000	25,000	Investment	1,55,000	-----
Bills Payable	40,000	20,000	Stock	1,00,000	50,000
Creditors	50,000	30,000	Debtors	60,000	35,000
			Bank	90,000	40,000
			Bills Receivables	25,000	20,000
	12,30,000	3,65,000		12,30,000	3,65,000

The following additional information is provided to you:

- General Reserve appearing in the balance sheet of S Ltd has remained unchanged since 31st March, 2019.
- Profit earned by S Ltd for the year 31st March 2020 amounted to Rs.20,000.
- On 1st February 2020 H Ltd sold S Ltd costing Rs.8,000 for Rs.10,000, 25 % of these goods remained unsold with S Ltd on 31st March 2020. Creditors of S Ltd include Rs.4,000 due to H Ltd on account of these goods.
- Out of S Ltd's acceptance, Rs.15,000 are those which have been accepted in favour of H Ltd. Out of these, H Ltd had endorsed by 31st March 2020 Rs.8,000 worth of bills receivable in favour of its creditors.

You are required to prepare a consolidated balance sheet as at 31st March, 2020.

SECTION E – K6 (CO5)

Answer any ONE of the following in 250 words

(1 x 20 = 20)

- 15.** From the following particulars prepare the Fire Revenue Account of 2021 – 2022. Show also the Appropriations of profit and the balance of profit taken to the Balance Sheet :

Particulars	Rs. in Lakhs
Claims Paid	235
Legal expenses regarding claims	5
Premium received	600
Reinsurance premiums	60
Commission	100
Expenses of management	150
Provision against unexpired risk on April 1, 2021	260
Claims unpaid on April 1, 2021	20
Claims unpaid on March 31, 2022	35

The following further information may also to be taken into account:

- 1) Commission outstanding for the year Rs.6,00,000
- 2) Outstanding Expenses of management of the year Rs.1,00,000
- 3) Income tax is to be provided at 40%
- 4) Transfer 5% of profit to general reserve.

- 16.** On 31st March 2020 the balance sheet of X Ltd and Y Ltd on the date of amalgamation stood as follows:

Liabilities	X Ltd	Y Ltd	Assets	X Ltd	Y Ltd
Share Capital Rs.10 each	15,00,000	6,00,000	Plant and Machinery	16,10,000	5,50,000
Capital Reserve	-----	13,000			
Security Premium	1,50,000	-----	Furniture	1,94,400	1,35,200
General Reserve	6,25,500	75,350	Stock	7,05,500	3,15,800
Foreign Projects Reserve (Statutory Reserve)	-----	9,700			
P & L A/C	1,85,300	24,130	Debtors	1,98,440	1,29,300
3000, 11% Debentures	-----	3,00,000			
Creditors	3,60,740	1,82,480	Bank	1,13,200	68,260
			Preliminary Expense	-----	6100
	28,21,540	12,04,660		28,21,540	12,04,660

On this date, X Ltd took over the business of Y Ltd for Rs.6,60,000 payable in the form of its fully paid equity shares of Rs.10 each at par, shareholders of Y Ltd getting 110 shares of X Ltd for every 100 shares held in Y Ltd.

The scheme of amalgamation also provided that 3000, 11% Debentures of Y Ltd would be converted into equal number of 12% Debentures of X Ltd., of Rs.100 each.

You are required to:

Pass journal entries in the books of X Ltd and prepare the balance sheet of X Ltd after the takeover assuming the amalgamation is in the nature of purchase.

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