



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – ACCOUNTING AND FINANCE / COMPUTER APPLICATIONS



FOURTH SEMESTER – APRIL 2025

UAF 4501 / UCC 4501 – ADVANCED CORPORATE ACCOUNTING

Date: 25-04-2025

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 PM

SECTION A - K1 (CO1)

	Answer ALL the Questions	(10 x 1 = 10)
1.	Fill in the blanks	
a)	Minimum _____ percentage of SLR maintained by the Banking Companies as per RBI Regulations	
b)	The statement that explains the reasons for the surplus or deficit in the statement of affairs is called as _____	
c)	The profit included in the closing stock on the date of consolidation is known as _____	
d)	The life insurance revenue account does not disclose the _____ of the life business.	
e)	Net worth method and Intrinsic value method of ascertaining purchase consideration are both based on the _____ taken over.	
2.	MCQ	
a)	List 'A' contributories are the (a) Creditors (b) Present Shareholders (c) Past Shareholders (d) Debenture holders	
b)	Preferential Creditors are shown in the statement of affairs under (a) List A (b) List B (c) List C (d) List D	
c)	The term Minority Interest represents (a) The shareholders holding 50% shares in Subsidiary Co (b) The interest of the outsiders in the Subsidiary Co (c) The Company which holds more than 51% in Subsidiary Co (d) None of the above	
d)	The Commission received from the re-insurer is called (a) Commission on reinsurance accepted (b) Commission on reinsurance ceded (c) Commission on direct business (d) None of the above	
e)	Expenses of Liquidation of Transferor company may be shown as 'Reimbursement 'in Transferor Company's books if the expenses are agreed to be paid by (a) Transferor Company (b) Transferee Company (c) Both the companies (d) Neither Company	

SECTION A - K2 (CO1)**Answer ALL the Questions****(10 x 1 = 10)****3. Definitions**

a) BASEL Norms III

b) Liquidator's final statement of account

c) Cost of control

d) Life assurance fund

e) Pooling of interest

4. True or False

a) Loss on sale of Investments is to be shown in Schedule 16 of a Bank P & L a/c.

b) In liquidators final statement of accounts payment to preferential creditors is shown after the payment to debenture holders

c) The mutual owing between holding company and subsidiary company will be eliminated while preparing Consolidated Balance sheet

d) The commission received from the reinsurer is called 'Commission on reinsurance accepted'

e) Payments made by Transferee company for the creditors, debenture holders, shareholders and for expenses should be added to ascertain purchase consideration.

SECTION B - K3 (CO2)**Answer any TWO of the following in 100 words each.****(2 x 10 = 20)****5.** Given below is an extract from the Trial balance of Axil Bank Ltd as on 31/12/2017

	Dr(Rs)	Cr(Rs)
Bills discounted	15,00,000	
Rebate on bills discounted on 1/1/2017		5,340
Interest & discount		91,473

An analysis of the bills discounted shows the following

Amount	Due Date(2018)	Rate of discount % p.a
1,45,000	6th March	5%
4,31,000	15th March	6%
2,90,000	21st March	4%
3,98,000	14th April	3.50%
2,36,000	24th April	4.50%

From the above you are required to calculate (i) Rebate on Bills discounted (ii) Amount transferred to P&L a/c (iii) Necessary journal entries

6. From the following summarized balance sheet of H Ltd and S Ltd as on 31.12.2014, 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	25,00,000	12,50,000	Investments 1,00,000 shares in S Ltd	11,00,000	Nil
Reserves	7,50,000	5,00,000	Fixed Assets	18,10,000	15,75,000
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

When H Ltd purchases the shares in S Ltd, the reserves in S Ltd stood at Rs.3,00,000 and in H Ltd at Rs.4,50,000

7. Enumerate the Limitations of historical accounting.

8. The following balances are abstracted from the books of New Bharat Life Insurance Co Ltd as on 31.03.2006.

Particulars	Rs.'000	Particulars	Rs.'000
Life Assurance fund(1/04/2005)	15,00,000	Re insurance Premium	20,750
Premiums	4,96,000	Claims outstanding(1/04/2005)	4,500
Consideration for annuity granted	15,000	Claims paid during the year	64,900
Interest & Dividends	1,00,000	Annuities	2,050
Fines for revival of policies	750	Bonus in reduction of premium	1,600
Medical fees	2,400	Surrenders	4,000
Commission	18,650	Management expenses	22,000
Income tax on dividends	8,500		

Prepare Revenue account after making the following adjustments

(i)Outstanding balances	Rs.(000)
Claims	14,000
Premiums	4,600
(ii)Further bonus for premium	2400
(iii)Claim under reinsurance	8000

SECTION C – K4 (CO3)

Answer any TWO of the following in 100 words each.

(2 x 10 = 20)

9. Describe the demerits of inflation accounting.

10. The Balance sheet of H Ltd and S Ltd on 31st Dec,2015 were as under

Liabilities	H Ltd(Rs)	S Ltd(Rs.)	Assets	H Ltd(Rs)	S Ltd(Rs.)
Share Capital of Rs.100 each	2,00,000	50,000	Land & Buildings	60,000	Nil
General Reserve	30,000	10,000	Plant & Machinery	2,00,000	Nil
P & L a/c balance on 01/01/2015	40,000	20,000	Stock	40,000	85,000
Profit for the year 2015	50,000	25,000	Sundry debtors	10,000	30,000
Creditors	30,000	30,000	Cash at Bank	10,000	10,000
Bank Overdraft	20,000	Nil	300 shares in S Ltd at cost	65,000	Nil
Bills Payable	15,000	Nil	Bills Receivables	Nil	10,000
	3,85,000	1,35,000		3,85,000	1,35,000

Shares were acquired by H Ltd on 1st July 2015, Bills receivable held by S Ltd are all accepted by H Ltd. Debtors of S Ltd included Rs.6,000 owed by H Ltd in respect of goods supplied. Prepare the consolidated Balance Sheet.

11. Sun Ltd & Moon Ltd are two companies carrying on business in the same line of activity. Their Balance sheet as on 31.03.2014

Liabilities	Sun Ltd(Rs)	Moon Ltd(Rs)	Assets	Sun Ltd(Rs)	Moon Ltd(Rs)
Fully paid equity shares of Rs.10 each	6,00,000	2,00,000	Land & Buildings	1,00,000	NIL
General Reserves	4,00,000	2,00,000	Machinery	7,00,000	3,00,000
Secured Loan	6,00,000	1,00,000	Investments	1,00,000	NIL
Current Liabilities	6,00,000	4,00,000	Stock	9,00,000	4,00,000
			Debtors	3,00,000	1,00,000
			Cash at bank	1,00,000	1,00,000
	22,00,000	9,00,000		22,00,000	9,00,000

The two companies decided to amalgamate into Mars Ltd. The following further information is given

- a) All assets & liabilities of the two companies are taken over
b) Each share in Moon Ltd is valued at Rs.25 for the purpose of amalgamation
c) Each share in Sun Ltd is valued at Rs.15 for the purpose of amalgamation.
d) Shareholders of Moon Ltd and Sun Ltd are paid off by issue of sufficient number of equity shares of Rs.10 each in Mars Ltd as fully as paid at par.
- Show the journal entries in the books of Sun Ltd & Moon Ltd based on Nature of Purchase method.

12. The Ashok Ltd went into Liquidation on 31.12.2014. When the statement of affairs was as below
Unsecured Creditors stood at Rs.40, 000 including Rs.5,000 preferential claims. Secured Creditors secured on Plant & Machinery stood at Rs.20,000; Cash in hand was Rs.1,000.
The liquidator realized Plant & Machinery for Rs.15,000 and the other assets realized Rs.10,000. The liquidation expenses amounted to Rs.1,000 and the liquidators remuneration was fixed at 4% of the amount realized including cash balance and 2% of the amount distributed to unsecured creditors including preferential creditors.
Prepare liquidator's final statement of account showing the dividend paid to unsecured creditors.

SECTION D – K5 (CO4)

Answer any ONE of the following in 250 words

(1 x 20 = 20)

13. On 31.12.2015 the following balances stood in the books of Asian Bank Ltd.

Particulars	Rs.'000
Share Capital -issued 80,000 shares of Rs.100 each, Rs.50 paid	4,000
Reserve fund	6,200
Fixed Deposits	42,600
Savings Bank Deposits	19,000
Current Accounts	23,200
Money at call and short notice	1,800
Government Securities	9,000
Other Investments	16,000
Profit & Loss account (Cr) balance (01/01/2015)	1,350
Dividend for 2014	400
Premises (after depreciation up to 31.12.2015)Rs.45,000	2,950
Cash in hand	380
Cash with other Banks	6,000
Cash with RBI	10,000
Bills Discounted	51,000

Loans & overdraft	4,136
Drafts payable	70
Unclaimed Dividend	60
Rebate on Bills discounted	50
Short Loans(Cr)	4,750
Furniture(after depreciation up to 31/12/2015) Rs.1,36,000	1,164
Net Profit for 2015	1,550

Prepare the balance sheet as per the banking regulations Act with notes to account.

14. The following information is extracted from the books of A Ltd on December 31,2020

Particulars	Rs.
Equity Share capital	1,00,000
6% Preference share capital	2,00,000
6% Debentures	1,50,000
Fully secured Creditors (security value- Rs.35,000)	30,000
Partly secured creditors (security value -Rs.10,000)	20,000
Preferential Creditors	6,000
Bills payable	1,00,000
Unsecured Creditors	70,000
Bank Overdraft	10,000
Bills receivable	15,000
Bills discounted (one bill for Rs.10,000 bad)	40,000
Good Debts	10,000
Doubtful Debts (estimated to produce 50 %)	7,000
Bad Debts	6,000
Land & Buildings(estimated at Rs.1,00,000)	1,50,000
Stock(estimated at Rs.40,000)	50,000
Machinery	5,000
Cash in hand	100

Prepare statement of affairs as on 31/12/2020

SECTION E – K6 (CO5)

Answer any ONE of the following in 250 words

(1 x 20 = 20)

15. The following are the Balance sheet of P Ltd and S Ltd as on 31st March 2020

	Rs'000	
I Equity & Liabilities	P'Ltd	S' Ltd
(1) Shareholders fund		
(a) Share capital	8,000	4,000
(b) Reserves & Surpluses	5,563	1,460
(2) Non-Current Liabilities		
Long term Borrowings		250
(3) Current Liabilities		
Trade Payables	1,437	990
Total	15,000	6,700
II Assets		
(1) Non-Current Assets		
Property ,Plant & Equipments		
Tangible Assets	11,000	4,730
(2) Current Assets	4,000	1,970
Total	15,000	6,700

Notes to Account

Particulars	P 'Ltd(Rs.'000)	S' Ltd(Rs.'000)
I Share Capital		
Equity Share Capital(shares of Rs.10 each fully paid)	8,000	3,000
10 % preference share capital (Shares of Rs.100 each fully paid)		1,000
Total	8,000	4,000
2. Reserves & Surpluses		
General Reserve	4,610	980
Statutory Reserve	390	125
Surplus in the statement of P & Loss account	563	355
Total	5,563	1,460
3. Long Term Borrowings		
12% Debentures		250

On 1st April 2020, P Ltd takes over the business of S Ltd on the following terms

(i) P Ltd will issue 3,50,000 equity shares of Rs.10 each at par to the equity shareholders of S Ltd

(ii) P Ltd will issue 11,000 10% preference shares of Rs.100 each at par to the preference shareholder of S Ltd.

(iii) The debenture holders of S Ltd., will be converted into an equal number of 12.5% debentures of the same denominations

You are informed that statutory reserves of S Ltd are to be maintained for two more years. You are required to show the balance sheet of P Ltd immediately after the above mentioned scheme of amalgamation. Pass journal entries in the books of P Ltd and prepare balance sheet of P Ltd under the nature of purchase method.

16. From the Balance sheet and the information given below prepare Consolidated balance sheet

Liabilities	H Ltd(Rs.)	S Ltd(Rs)	Assets	H Ltd(Rs.)	S Ltd(Rs.)
Share capital of Rs.10 each	1,00,000	20,000	Sundry Assets	80,000	12,000
Profit & Loss a/c	40,000	12,000	Stock in trade	61,000	24,000
Reserves	10,000	6,000	Debtors	13,000	17,000
Creditors	20,000	12,000	Bills Receivables	1,000	Nil
Bills Payable	Nil	3,000	Shares in S Ltd		
			1,500 shares at cost	15,000	Nil
	1,70,000	53,000		1,70,000	53,000

Additional information

(a) All profits of S Ltd have been earned since the shares were acquired by H Ltd but the reserve of Rs.6, 000 was already there at the time.

(b) Bills accepted by S Ltd are all in favour of H Ltd which has discounted Rs.2,000 of them.

(c) Sundry Assets of S Ltd undervalued by Rs.2, 000.

(d) The stock in trade of H Ltd includes Rs.5, 000 bought from S Ltd at a profit to the latter of 25% on cost.
