



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

FOURTH SEMESTER – APRIL 2022

16/17/18UBC4ES01 – ADVANCED CORPORATE ACCOUNTING

Date: 23-06-2022

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

SECTION – A

Answer ALL the Questions:

(10X 2 = 20 Marks)

1. State the meaning and significance of super profits.
2. Name and narrate the two methods of amalgamation.
3. Write about acquisition of business.
4. Specify the four methods of computing purchase consideration.
5. Why and when list H is prepared?
6. compute the value per equity share, under net assets method, from the following particulars:
 - a. Total assets at book value Rs.50, 00,000, their market value being Rs.49, 80,000.
 - b. Total outside liabilities Rs.19, 00,000.
 - c. Equity capital Rs.20, 00,000, each share Rs.10.
7. IOB discounted a bill of the face value of Rs. 4, 00,000 for Rs. 3, 90,000 on 23rd January 2019. Of the discount Rs. 1,600 was for the year 2019-2020. Pass journal entries at the time of discounting the bill and closing of accounts on 31st March 2019.
8. What is NPA with reference to bank loans?
9. You are required to compute the amount of provisions to be shown in profit and loss account, for the following advances made by Bharath Bank Limited (amount in Rs. Lakhs):
 - a. Standard assets 8,000;
 - b. Sub-standard assets 650;
 - c. Doubtful debts (More than three years, fully secured) 100 and
 - d. Loss assets 250
10. From the following details, ascertain unsecured creditors to be shown in statement of affairs:

Detail s	Rs.
Creditors for goodsBills payable	80,000 8,000
Bank overdraft	26,000
Loan on the security of machinery	40,000
Estimated realizable value of machinery	32,000
Contingent liabilities (10% estimated to rank)	87,000

SECTION – B

Answer any FOUR Questions:

(4 x 10 = 40 Marks)

11. Explain purchase of super profit method of valuation of goodwill with imaginary figures.
12. Explain the provisions of Accounting Standard-14 (AS-14) for amalgamation.
13. The Balance Sheet of X Ltd., as on 31-03-2018 is as follows:

Liabilities	Rs.	Assets	Rs.
Preference share capital	50,000	Goodwill	10,000
Equity share capital	100,000	Fixed	180,000
(Rs.10)Reserves	90,000	assets	20,000
Tax provisions	10,000	Investment in Government	100,000
Debentures	50,000	BondCurrent assets	10,000
Creditors	25,000	Preliminary expenses	5,000
		Discount on debentures	
Total	325,000	Total	325,000

The average profit of the company (after deducting interest on debentures and taxes) is Rs.30,000. The market value of the machinery included in fixed assets is Rs.5,000 more. Expected rate of return is 10%.

Evaluate the goodwill of the company at 5 times of the super profit.

14. LIC prepared its Revenue A/c for the year ended 31/03/2016 and ascertained its Life Assurance Fund to be Rs.28,35,000. It was found later that the following items had been omitted from the accounts:
 - a. Interest accrued on investments Rs.39,000; Income Tax liable to be deducted there on isestimated to be Rs.10,500.
 - b. Outstanding premium Rs.32,800.
 - c. Bonus utilized for reduction of premium Rs.6,750.
 - d. Claims intimated but not admitted Rs.17,400.
 - e. Claims covered under reinsurance Rs.6,500.

What is the true Life Assurance Fund?

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

Date of Bill, 2018	Term (Months)	Rate of discount @ % p.a.	Amount of Bill (Rs.)
a. Jan 17	4	17	7,30,000
b. Feb 07	3	18	14,60,000
c. March 09	3	17.5	3,64,000

You are required to calculate the rebate on bills discounted. Also make a journal entry for rebate.

16. Y company's balance sheet on 01-03-2018, on which date, it got liquidated.

Liabilities	Rs.	Assets	Rs.
Equity share (Rs.10)	5,00,000	Building	1,50,000
Debentures (secured by floating	2,00,000	Machiner	2,10,000
charge)Bank overdraft	30,000	yStock	95,000
Creditors	40,000	Debtors	75,000
Provision for bad debts	10,000	Calls in	1,00,000
		arrearsCash	10,000
		in hand	1,40,000
		P&L A/c	
Total	7,80,000	Total	7,80,000

Values on revaluation: Machinery Rs.1,50,000; Building Rs.1,20,000; Stock Rs.80,000; Debtors good Rs.70,000; Calls in arrears are expected to realize 90%. Bank overdraft is secured against buildings. Preferential creditors for taxes Rs.6,000, included in creditors. Miscellaneous expenses outstanding Rs.2,000, not included in creditors above.

prepare a statement of affairs, to be submitted at the meeting of creditors.

17. From the following particulars related to a liquidated company, calculate the amount of unsecured creditors and preferential creditors:

The creditors other than the secured creditors were:

	(Rs.)
Trade creditors	1,42,200
Provident fund of workers	11,000
Gas board for gas supplied	420
Salary of clerk for six months	30,000
Salary of peon for four months	6,000
Director's fees	8,000
Income tax due	10,000
Compensation under women's compensation Act	9,000

SECTION – C

Answer any TWO Questions only:

(2 x 20 Marks = 40 Marks)

18. Distinguish between pooling of interest method and purchase method of accounting for amalgamation, with detailed explanations and examples.

19. The balance sheet of Gani Ltd as on 31-03-2018 was as under:

Liabilities	Rs.	Assets	Rs.
Equity share	2,00,000	Land	1,25,000
(Rs.100)General	50,000	Machinery	75,000
reserves P&L A/c	25,000	Investment	45,000
Creditors	45,000	sDebtors	50,000
Provision for	20,000	Stock	37,500
taxProvident	17,500	Cash in hand	25,000
fund			
Total	3,57,500	Total	3,57,500

Additional information:

- a. Market value of investments Rs.37,500;
- b. Land and Machinery are valued at Rs.1,37,500 and Rs.55,000 respectively;
- c. Bad debts Rs.2,500;
- d. Goodwill Rs.25,000;
- e. Normal rate of return 15% and
- f. Expected rate of return 18%

Calculate the fair value of equity shares, of the company.

20. On 31st December 2017, the following balances stood in the books of Oriental Bank Ltd., after the preparation of P&L A/c:

Particulars	Rs. in '000
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Share capital	4,000
Reserve fund (under section 17)	6,200
Fixed deposits	42,600
SB Account deposits	19,000
Current account deposits	23,200
Money at call	1,800
Investments	25,000
P&L A/c (Credit) on 01 Jan 2017	1,350
Dividend for 2016	400
Premises	2,950
Cash in hand	380
Cash with RBI	10,000
Cash with other banks	6,000
Bills discounted and purchased	3,800
Loan, cash credit and overdraft	51,000
Unclaimed dividend	60
Bills Payable	70
Rebate on bills discounted	50
Short loans (borrowing from other banks)	4,750
Furniture	1,164
Other assets Net	336
Profit 2017	1,550

Prepare balance sheet of the bank, as on 31-12-2017

21. The following are the abridged balance sheets of P Ltd. and S Ltd. as on 31st Mar. 2019,

Liabilities	P Ltd. (in Rs. '000)	S Ltd. (in Rs. '000)	Assets	P Ltd. (in Rs. '000)	S Ltd. (in Rs. '000)
Equity shares (Rs.10)	8,000	3,000	Fixed assets	11,000	4,730
Preference shares(Rs.100)	----	1,000	Current assets	4,000	1,970
General Reserve	4,610	980			
Statutory reserve	390	125			
P&L a/c	563	355			
12% debentures	----	250			
Current liabilities	1,437	990			
Total	15,000	6,700	Total	15,000	6,700

On 1st Apr. 2019, P Ltd. takes over 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 shareholders of S Ltd. (iii)The debentures of S Ltd. will be converted into an equal number of 12.5% debentures of the same value.
- (iv) Statutory reserves of S Ltd. are to be maintained for two more years.

Prepare the Balance sheet of P Ltd. after amalgamation in the nature of Purchases

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