

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**B.Com.DEGREE EXAMINATION –COMMERCE**

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SIXTH SEMESTER – APRIL 2018**CO 6610– ADVANCED CORPORATE ACCOUNTING**

Date: 21-04-2018

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

PART – A**Answer ALL the Questions:****(10x2=20 marks)**

1. What is meant by Non- Performing Assets?
2. A) Schedule 13 relates to _____ B) Schedule 15 relates to _____.
3. What is Re-insurance?
4. What is meant by Surrender Value?
5. A) two or more companies go into liquidation to form a new company, it is called _____
b) The price paid by the transferee company to Transferor Company is called _____
6. H Ltd. acquired 75% of shares in S Ltd.on 1-07-2012 the balance sheet of S Ltd. showed Reserve Fund balance on 1-01-2012 Rs.40,000, profit earned during 2012 Rs.60,000 and preliminary expenses unwritten off Rs.20,000. Calculate capital and revenue profits.
7. What is Purchase Consideration?
8. Define Subsidiary Company.
9. What is Minority Interest?
10. What is statement of affairs?

Part – B**Answer any Four questions:****(4x10=40)**11. The following balances are extracted from the books of Aadhar bank Ltd., as on 31st march, 2016.

particulars	Debit Rs.	Credit Rs.
Bills discounted	15,90,000	-
Rebate on bills discounted on 31 st march,2015	-	35,176
Discount on bills discounted	-	2,34,128
Interest earned	-	6,76,342

An analysis of the bills discounted is as follows:

	Amount Rs.	Due date	Rate of Discount
(i)	1,85,000	May 20,2016	11%
(ii)	2,40,000	June 18,2016	12%
(iii)	5,30,000	June 6,2016	12%
(iv)	6,10,000	July 14,2016	14%

Calculate rebate on bills discounted and show necessary journal entries.

12. A) Explain the following terms: a) Reinsurance, b) Claims, c) Commission on reinsurance ceded.

B) The life insurance fund of Hind Life Assurance Ltd showed a balance of Rs.55, 00,000 on 31st March, 2016. The dividend proposed for 2015-2016 was Rs.3, 00,000. The company's actuarial valuation revealed a net liability of Rs.41, 00,000 as on 31st March, 2016.

An interim bonus of Rs.75, 000 was paid policy holders during the valuation period. Prepare a statement showing the amount available to the policy holders as bonus.

13. The Breakfast Foods Ltd, went into voluntary liquidation on 31st march, 2014. The balances in its books were.

Liabilities	Rs.	Assets	Rs.
Share capital: Authorized and Subscribed: 5,000 6% Preference shares of Rs.100 each, fully paid	5,00,000	Land and buildings	2,50,000
2,500 equity shares of Rs.100 each, Rs.75 paid	1,87,500	Machinery and plant	6,25,000
7,500 equity shares of Rs.100 each, Rs.60 paid	4,50,000	Patents	1,00,000
5% Mortgage debentures	2,50,000	Stock	1,37,500
Interest outstanding	12,500	Debtors	2,75,000
Creditors	3,62,500	Cash at bank	75,000
		Profit and loss account	3,00,000
	17,62,500		17,62,500

The liquidator is entitled to a commission of 3% on all assets realized except cash and 2% on amount disturbed among unsecured creditors other than preferential creditors.

Creditors include preferential creditors Rs.37, 500 and a loan for Rs.1, 25,000 secured by a mortgage on land and buildings. The preference dividends were in arrears for two years. The assets realized as follows: Land and buildings Rs.3, 00,000, Machinery and Plant Rs.5,00,000, Patents Rs.75,000, Stock Rs.1,50,000, Sundry debtors Rs.2,00,000. The expenses of liquidation amounted to Rs.27, 250. Prepare the liquidators final statement of account.

14. (a) On 1-07-2011, X Ltd., acquired 60% shares of Y Ltd. (with the total capital of Rs.5,00,000) for Rs.3, 80,000. The Balance Sheet of Y Ltd., showed a P & L A/c balance on 1-01-2011 Rs.1, 20,000 and profit for the year 2011 Rs.1, 00,000. Calculate the value of Goodwill or Capital reserve.

(b) S Ltd. has capital of Rs.15, 00,000 in shares of Rs.100 each out of which, H Ltd. purchased 75% shares at Rs.17, 50,000. The profits of S Ltd. at the time of purchase of shares by H Ltd. were Rs.7, 50,000. S Ltd. decided to make a bonus issue out of capital profits of one share of Rs.100 each fully paid for every three shares held. Calculate the cost of control after the issue of bonus shares.

15. The following is the balance sheet of X Ltd. as on 31-03-2006

Liabilities	Rs.	Assets	Rs.
Share Capital: 2,00,000 shares of Rs.10 each	20,00,000	Land & Building	10,00,000
General Reserve	2,50,000	Plant & Machinery	15,00,000
Dividend equalization reserve	2,00,000	Furniture	25,000
P & L A/c	51,000	Stock	6,00,000
12% Debentures	10,00,000	Work-in-progress	3,00,000
Sundry Creditors	3,00,000	Cash at bank	1,26,000
		Debtors	2,50,000
	38,01,000		38,01,000

The company was absorbed by A Ltd. on the above data. The consideration for the absorption is the discharge of the debentures at a premium of 5% taking over the liability in respect of sundry creditors and a payment of Rs.7 in cash and one share of Rs.5 in A Ltd. at the market value of Rs.8 per share for every share in X Ltd. The cost of liquidation of Rs.15, 000 is to be met by the purchasing company. Pass journal entries in the books of A Ltd.

16. Give the proforma of the Balance Sheet along with its schedule for the banking company.

17. Write short notes on: a) Reserve for Unexpired Risk (b) Bonus in Reduction of Premium (c) Double Insurance

Part – C

Answer any **TWO** questions:

(2x20=40)

18. On 31st March, 2016 the following balances stood in the books of Asian Bank Ltd., after preparation of its profit and loss account.

particulars	Rs.(in 000s)
Share capital : issued and subscribed	4,000
Reserve fund (under section 17)	6,200
Fixed deposits	42,600
Savings bank deposits	19,000
Current accounts	23,200
Money at call and short notice	1,800
Investments	25,000
Profit and loss account (Cr.) on 1.4.2015	1,350
Dividend for 2014-15	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
Loans, cash credit and overdraft	51,000
Bills payable	70
Unclaimed dividend	60
Rebate on bills discounted	50
Short loans (borrowings from other banks)	4,750
Furniture	1,164
Other assets	336
Net profit for 2015-16	1,550

Prepare balance sheet for the bank for the year ending 31st March, 2016.

19. Prepare revenue account of Universal Life Assurance Company Ltd from the following balances extracted from its books as on 31st March, 2015.

	Rs.(000)
Life Assurance Fund on 1.4.2014	7,50,000
Premium on direct business	4,80,000
Re-insurance premium	55,000
Consideration for annuities granted	68,000
Annuities paid	17,500
Dividend paid	15,000
Claims paid	1,90,000
Re- insurance recoveries	30,000
Claims outstanding on 1.4.2014	12,000
Commission paid	26,000
Commission on reinsurance accepted	9,000
Commission on reinsurance ceded	10,000
Surrenders	20,000
Loss on sale of investments	6,500
Management expenses	45,000
Legal expenses for settlement of claims	10,000
Interest from investments – NET	18,000
TDS on income from investments	2,000
Rent, rates and taxes	12,000
Printing and stationery	8,500
Depreciation	13,000

Additional information as on 31.3.2015:

1. Claims outstanding

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Rs. (000)

15,000

2. Management expenses due	-	11,000
3. Premiums outstanding	-	16,000
4. Interest accrued on investments	-	4,500

20. The following are the balance sheets of A Ltd and B Ltd as on 31st March, 2016.

Liabilities	A Ltd Rs.	B Ltd Rs.	Assets	A Ltd Rs.	B Ltd Rs.
Equity shares of Rs.10 each	4,00,000	2,50,000	Land and buildings	2,00,000	3,00,000
11% preference shares of Rs.100 each	-	1,00,000	Investment:20,000 Equity shares in B Ltd	3,40,000	-
General reserve	70,000	50,000	300 10% debentures in B Ltd	30,000	-
Profit and loss account (before appropriation for dividends)	40,000	30,000	Stock	70,000	60,000
10% Debentures (Rs.100 each)	2,00,000	1,00,000	Debtors	60,000	1,00,000
Creditors	40,000	30,000	Cash and bank	50,000	1,00,000
	7,50,000	5,60,000		7,50,000	5,60,000

Additional information:

- A Ltd acquired equity shares in B Ltd on 1.4.2015.
 - General reserve of B Ltd after appropriation of dividend on 1.4.2015 was Rs.30,000.
 - Dividend for 2015-16 has not been paid.
 - Profit and loss account of B Ltd as on 1.4.2015 was Rs.10,000.
- Prepare a consolidated balance sheet.

21. The following are the abridged balance sheets of P Ltd and S Ltd as on 31st March, 2009.
(Rs. In 000)

Liabilities	P Ltd Rs.	S Ltd Rs.	Assets	P Ltd Rs.	S Ltd Rs.
Equity share capital-Rs.10 each	8,000	3,000	Fixed assets	11,000	4,730
10% Preference share capital Rs.100 each	-	1,000	Current assets	4,000	1,970
General reserve	4,610	980			
Statutory reserve	390	125			
Profit and loss a/c	563	355			
12% debentures	-	990			
Current liabilities	1,437	250			
	15,000	6,700		15,000	6,700

On April 2009 P Ltd takes over S Ltd on the following terms:

- P Ltd will issue 3, 50,000 equity shares of RS.10 each at par to the equity shareholders of S Ltd.
- P Ltd will issue 11,000 10% preference shares of RS.100 each at par to the preference shareholders of S Ltd.
- the debenture holders of S Ltd will be converted into a equal number of 12.5% debentures of the same denomination.

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 has been implemented assuming that the amalgamation is in the nature of merger.
