



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

SIXTH SEMESTER – APRIL 2025

CO 6606 – ADV. CORPORATE ACCOUNTS



Date: 03-05-2025

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

Section – A

Answer **ANY FOUR** of the following:

4 x 10 = 40

- Enumerate the 'Lists' included in the statement of affairs to be submitted by the company for liquidation.
- Distinguish between Amalgamation in the nature of Merger and Purchase.
- Explain the various schedules to be prepared by a Commercial Bank.
- Write a short note on: a) Cost of Control, b) Minority Interest, c) Pre-acquisition profit.
- A Life insurance Co. disclosed a fund of T40,00,000 and the Balance Sheet total of T90,00,000 on 31.03.2020 before taking into consideration:
 - A Claim of T20,000 intimated and admitted but not paid during the year
 - A Claim of T12,000 outstanding in the books for 8 years and written back.
 - Interest on securities accrued T1,600 but not received during the year.
 - Premium of T1,200 is payable under reinsurance.
 - Reinsurance recoveries T52,000
 - Bonus utilized in reduction of premium T20,000
 - Agents' commission to be paid T16,000
 Pass the necessary journal entries for the above omissions, recompute the fund.

- On 31st Dec 2020, Pandian Bank Ltd. has the following bills:

Date 2020	Amount (T)	Months	Discounting @%p.a.
Nov. 11	50,000	4	6
Nov. 16	60,000	3	5
Nov. 7	40,000	4	5.5

Calculate the rebate on bills discounted and give the necessary journal entry, assuming accounts are closed on the date.

- Balance sheet as at 31.12.2021

Liabilities	H Ltd	T	S Ltd	T	Assets	H Ltd	T	S Ltd	T
Share Capital	2,00,000		40,000		30,000 shares	60,000		-----	
Reserves	40,000		10,000		in S Ltd				
Profits	25,000		14,000		Assets	2,05,000		64,000	
	2,65,000		64,000			2,65,000		64,000	

S Ltd had a credit balance of T10,000 in the reserves when H Ltd acquired shares in S Ltd. S Ltd capitalized its T10,000 (all out of profits earned after the acquisition of its shares by H Ltd) by making a bonus issue of one share for every four shares held. You are required to prepare the consolidated

balance sheet after the bonus issue.

8. The following is the balance sheet of S Ltd as on 31.3.2019

Liabilities	T	Assets	T.
8% Pr. Shares of T100 each	3,75,000	Fixed Assets	16,25,000
Eq. Shares of T10 each	7,50,000	Investments	3,00,000
General Reserve	4,50,000	Current Assets	2,50,000
7% Debentures	3,50,000		
Current Liabilities	2,50,000		
	21,75,000		21,75,000

R Ltd agreed to take over the business of S Ltd. Calculate the purchase consideration and pass a journal entry for the payment of purchase consideration in the books of R Ltd. under the net assets method based on the following:

- A) R Ltd agreed to discharge 7% Debentures at a premium of 10% by issuing 9% Debentures of R Ltd.
 B) Fixed Assets are to be valued at 10% above the book value, the investments at par, current assets at 10% discount and current liabilities at book value.

Section - B

Answer **ANY THREE** of the following:

3 x 20 = 60

- 9) What is Purchase Consideration? Explain the various methods of calculation for Purchase Consideration.
 10) Explain the following terms relating to Insurance Business:
 a) Reinsurance, b) Commission on reinsurance ceded, c) Double Insurance, d) Reversionary Bonus.

- 11) Following is the balance sheet of K Ltd as on 31.12.2019

Liabilities	T	Assets	T
2,000 Eq. shares of 10 each	20,000	Goodwill	4,000
Profit and Loss A/c	7,000	Fixed Assets	16,500
Debentures	10,000	Current Assets	19,500
Creditors	3,000		
	40,000		40,000

R Ltd agreed to take over the assets of K Ltd (except of one fixed asset of T4,000 and cash T1,000 included in current assets) at 10% more than the book values. It is agreed to take over creditors. The purchase price was to be discharged by the issue of T2,000 shares of T10 each at the market value of T15 each and the balance in cash. Liquidation expenses came to T400. K Ltd sold the fixed asset of T4,000 and realized the book value. It paid off its debentures and liquidation expenses. You are required to give journal entries in the books of K Ltd and R Ltd.

- 12) The following are the Balance Sheets of A Ltd and B Ltd as at 31st Dec,2019.

Liabilities	A Ltd T	B Ltd T	Assets	A Ltd T	B Ltd T
Eq.Sh of T10 each	1,00,000	50,000	Sundry Assets	66,250	69,100
Revenue Reserves	9,000	10,000	Shares in B Ltd at cost	70,000	-----
P&L A/C 1.1.2019	8,500	8,000	Goodwill	-----	10,000

Profit of the year less transfer to reserve	3,750	3,500			
Creditors	15,000	7,600			
	1,36,250	79,100		1,36,250	79,100

Profit for the year of B Ltd was T6,000 out of which T2,500 was transferred to reserves. The holding of A Ltd in B Ltd is 90% acquired a year ago on 31.12.2018. Write off from sundry assets of A Ltd T9,000. Also write off T3,100 from the sundry assets of B Ltd out of the current year's profits. Draft a consolidated Balance Sheet of A Ltd and its subsidiary.

13) From the following information relating to LB Bank Ltd., prepare the profit and loss account for the year ended 31st December,2020

Particulars	T	Particulars	T
Rent Received	72,000	Salaries and Allowances	2,18,800
Exchange and Commission	32,800	Postage	5,600
Interest on fixed deposits	11,00,000	Sundry Charges	4,000
Interest on savings bank a/c	2,72,000	Directors and Auditors fees	16,800
Interest on overdrafts	2,16,000	Printing	8,000
Discount on bills discounted	7,80,000	Law charges	3,600
Interest on current accounts	1,68,000	Lock rent	1,400
Interest on cash credits	8,92,000	Transfer fees	2,800
Depreciation on bank property	20,000	Interest on loans	10,36,000

- 14) A Life Insurance Company gets a valuation made once in every two years. Its Life Assurance fund on 31.03.2019 amounted to T63,84,000 before providing T64,000 for the shareholders' dividend for the year 2018-2019. Its actuarial valuation due on 31.0.2019 disclosed a net liability of T60,80,000 under assurance annuity contracts. An interim bonus of T80,000 was paid to the policyholders during the two years ending 31.03.2019. Prepare a statement showing the amount now available as a bonus to policyholders.

#####