



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FIFTH SEMESTER – APRIL 2025

UCO 5601 – ADVANCED CORPORATE ACCOUNTING



Date: 08-05-2025

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

SECTION A - K1 (CO1)

Answer ALL the Questions

(10 x 1 = 10)

1. Write a short note on the following:

- Rebate on Bills Discounted.
- Reinsurance ceded.
- Cost of Control.
- Preferential Creditors.
- Purchase Consideration.

2. State whether the following statements are True or False:

- All the assets and liabilities of transferor companies are to be recorded at their book values in the books of the transferee company under the purchase method of accounting for amalgamation.
- A contributory can only be a present member of the liquidated company.
- Banks are required to close their books on 30th September every year for internal purpose.
- Loss on sale of investments is to be shown in Schedule 16 of a Bank P&L a/c.
- Valuation Balance Sheet is prepared to ascertain surplus or deficiency of life insurance.

SECTION A - K2 (CO1)

Answer ALL the Questions

(10 x 1 = 10)

3. Fill in the blanks:

- The term surrender value is exclusively applicable only for -----.
- Dividends paid out of capital profit must be credited to ----- a/c by the holding company.
- Lockers' rent is shown in the P&L a/c of Bank under the head -----.
- The method of accounting used to record amalgamation in the nature of merger is called -----method.
- Debenture holders secured by first floating charge are paid after the payment to -----.

4. Match the following

- | | |
|--|---------------------------------------|
| a) a. Schedule 13 | 1. Schedule 15 |
| b) b. Commission paid by re-insurer | 2. Deficiency or Surplus a/c |
| c) c. Miscellaneous Expenditure | 3. Commission on reinsurance accepted |
| d) d. A sum due to an employee out of provident fund | 4. Interest earned |
| e) e. List H | 5. Preferential creditor |

SECTION B - K3 (CO2)

Answer any TWO of the following.

(2 x 10 = 20)

- Distinguish between Amalgamation in the nature of Merger and Amalgamation in the nature of Purchase.
- A Life Insurance Company disclosed a fund of ₹ 40,00,000 on 31st March 2021 before taking into consideration of the following:
 - The claim of ₹ 20,000 intimated and admitted but not paid during the year.
 - A claim of ₹ 12,000 outstanding in the books for 7 years was written back.
 - Interest on securities accrued ₹ 1,600 but not received during the year.
 - Premium of ₹ 1,200 is payable under reinsurance.
 - Reinsurance recoveries ₹ 52,000.
 - Bonus utilized in reduction of premium ₹ 20,000.
 - Agent's commission to be paid ₹ 16,000.
 Pass the necessary journal entries for the above omissions and recompute the Life Assurance Fund.
- As on 31st December 2022, the books of the HLC Bank, include among others the following balances:
 Rebate of bills discounted (1.1.2022) ₹ 6,40,000
 Discount Received ₹ 92,00,000
 Bills discounted and purchased ₹ 6,30,94,000
 Throughout 2022, the bank's rate for discounting has been 18%. On investigation the average due for the bills discounted and purchased is calculated as 14th February, 2023.
 Show the calculation of the amount to be credited to the bank's profit and loss account under discount earned for the year 2022. Show also the journal entries to adjust the above-mentioned accounts.

8. A company went into voluntary liquidation on 31st March 2023 when the following Balance Sheet was prepared:

Liabilities	₹	Assets	₹
Authorized Capital: 8000 shares of ₹ 10 each	80,000	Goodwill	13,920
Issued Capital: 6,000 shares of ₹ 10 each.	60,000	Freehold Property	10,000
Unsecured Creditors	30,864	Machinery	14,960
Partly Secured Creditors	11,672	Stock	23,420
Preferential Creditors	1,620	Debtors	18,488
Bank Overdraft (unsecured)	464	Cash	200
		Profit and Loss a/c	23,632
	1,04,620		1,04,620

The liquidator realized the assets as follows:

Freehold property which was used in the first instance to pay the partly secured creditors pro-rate ₹ 7,200, Machinery ₹ 10,000, Stock ₹ 12,400, Debtors ₹ 17,400 and Cash ₹ 200.

The expenses of liquidation amounted to ₹ 200 and the liquidator's remuneration was agreed at 2.5% on the amount realised including cash and 2% on the amount paid to unsecured creditors.

Prepare the liquidators final statement of account.

SECTION C – K4 (CO3)

Answer any TWO of the following:

(2 x 10 = 20)

9. Who are called Preferential Creditors? State the various list of preferential creditors or payments.

10. The following are the abridged balance sheets of P Ltd and S Ltd as on 31st March 2022:

(Rupees in Thousands)

Liabilities	P Ltd	S Ltd
Equity Share Capital (₹ 10 each)	8,000	3,000
10% Preference Share Capital (₹ 1000 each)	-----	1,000
General Reserve	4,610	980
Statutory Reserves	390	125
Profit and Loss A/C	563	355
12% Debentures	-----	250
Current Liabilities	1437	990
Total	15,000	6,700
Assets		
Fixed Assets	11,000	4,730
Current Assets	4,000	1,970
Total	15,000	6,700

On 1st April 2022, P Ltd takes over S Ltd on the following terms:

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

You are informed that the statutory reserves of S Ltd are to be maintained for two more years. You are required to show the journal entries in the books of P Ltd. The above-mentioned scheme of amalgamation has been implemented assuming that the amalgamation is in the nature of purchase.

11. Balance Sheet as on 31st December, 2022

Liabilities	H ₹	S ₹		H ₹	S ₹
Share Capital ₹ 1 fully paid shares	10,000	5,000	Sundry Assets	16,000	10,000
General Reserve	5,000	-----	5000 shares in S Ltd	6,000	-----
Creditors	3,000	3,200			
Profit and Loss a/c	4,000	1,800			
	22,000	10,000		22,000	10,000

Shares were purchased by H Ltd in S Ltd on 30th June 2022. On 1st January 2022 the balance sheet of S Ltd showed a loss of ₹ 3,000 which was written off out of the profits earned during 2022. Profit are assumed to accrue evenly throughout the year. Prepare the consolidated balance sheet.

12. From the following particulars relating to XYZ Insurance Company Ltd prepare Fire Insurance Revenue A/C for the year ending 31st March 2021

Particulars	₹	Particulars	₹
Claims Paid	4,80,000	Premium received	12,00,000
Claims outstanding on 1/4/2020	40,000	Reinsurance premium paid	1,20,000
Claims intimated but not accepted and paid on 31/3/2021	10,000	Commission	2,00,000
Claims intimated and accepted but not paid on 31/3/2021	60,000	Commission on reinsurance ceded	10,000
Commission on reinsurance accepted	5,000	Provision for un expired risk on 1/4/2020	4,00,000
Expenses of Management	3,05,000	Additional provision for unexpired risk on 1/4/2020	20,000
Bonus in reduction of premium	12,000		

You are required to provide the additional reserve for unexpired risk at 1% of the net premium in addition to the opening balance.

SECTION D – K5 (CO4)

Answer any ONE of the following:

(1 x 20 = 20)

13. The Balance sheets of B Ltd and S Ltd as at 31st March 2023 were as under

Liabilities	B Ltd ₹	S Ltd ₹	Assets	B Ltd ₹	S Ltd ₹
Equity Capital (Share of ₹ 10 each)	9,00,000	3,00,000	Fixed Assets	9,00,000	4,00,000
General Reserve	5,00,000	30,000	Investments	6,00,000	-----
Profit and Loss A/C	6,00,000	2,00,000	Sundry Debtors	1,60,000	90,000
Sundry Creditors	1,00,000	1,70,000	Inventory	2,10,000	1,20,000
			Bank	2,30,000	90,000
	21,00,000	7,00,000		21,00,000	7,00,000

B Ltd has acquired 75% of S Ltd shares at ₹ 6,00,000 on 1st July 2022. S Ltd had an opening balance of ₹ 1,00,000 in Profit and Loss Account from which it paid dividend for 2021 -2022 at 20% on 30th September, 2022. The dividend received by B Ltd is included in its profit and loss account.

Inventory of B Ltd included ₹ 20,000 out of purchases of ₹ 50,000 made from S Ltd in February 2022. Credit period is 90 days. S Ltd had sold these items at a margin of 25% on cost. There has been no change in the general reserve account of S Ltd during 2022 -2023.

Prepare a consolidated Balance Sheet as at 31st March 2023.

14. The following is the trial balance of BBL Bank Ltd as on 31st March 2022

Particulars	Debit (₹)	Credit (₹)
Share Capital: 7500 shares of ₹ 100 each		7,50,000
Loans and Advances	80,20,000	
Bank Premises	5,32,500	
Government Securities	15,30,000	
General Reserve		4,50,000
Deposits		96,46,000
Interest and Discounts		8,00,000
Interest on deposits and borrowings	2,00,000	
Balance with other banks	1,00,500	
Money at call and short notice	85,500	
General Expenses	82,500	
Rent, Rates and Taxes	6,900	
Directors' fees	4,200	
Auditors' fees	1,200	
Bills discounted	90,000	
Furniture (Depreciation up to 1/4/2021, ₹ 20,000)	80,000	
Borrowings from other banks		1,05,000
Salaries and allowances	85,500	
Computer	35,000	
Profit and Loss A/C 1/4/2021		37,500
Miscellaneous Income		300
Commission		10,000
Interim Dividend	30,000	

Cash in hand and with RBI	9,15,000	
	1,17,98,800	1,17,98,800

Considering the following information furnished below, prepare Profit and Loss Account for the year ending 31st March 2022 and the balance sheet on that date in the statutory form.

- Bills worth ₹ 50,000 were received for collection
- Interest accrued on investment ₹ 12,000
- Rebate on bills discounted ₹ 15,000
- Debts amounting to ₹ 65,000 were doubtful and provision is to be made for the same.
- Depreciation to be charged at 10% on original cost of the furniture.

SECTION E – K6 (CO5)

Answer any ONE of the following:

(1 x 20 = 20)

- 15.** The following are the Balance Sheets of H Ltd and S Ltd as on 31st March 2023

Liabilities	H Ltd ₹	S Ltd ₹		H Ltd ₹	S Ltd ₹
Share capital: shares of ₹ 10 each	2,00,000	4,00,000	Fixed Assets	2,40,000	5,00,000
General Reserve	80,000	1,20,000	Debtors	40,000	20,000
P & L A/C	20,000	-----	Stock	60,000	80,000
Creditors	60,000	1,00,000	Cash	20,000	20,000
	3,60,000	6,20,000		3,60,000	6,20,000

S Ltd agreed to absorb H Ltd on the following terms:

- S Ltd to give one share of ₹ 10 each at an agreed value of ₹ 30 per share for every three shares in H Ltd. The shares of S Ltd are quoted in the market at Rs.45 per share.
- The trade liability is to be taken over.

Give the required journal entries in the books of S Ltd and the Balance Sheet after the absorption is completed assuming the amalgamation is in the nature of purchase.

- 16.** From the following Trial Balance of XYZ Life Assurance Company Ltd., prepare Revenue A/C and the Balance Sheet as on 31st March 2022

Debit Balance	₹ in 000	Credit Balance	₹ in 000
Claims by death	76,980	Life Assurance Fund 1/4/2021	14,70,562
Claims by Maturity	36,420	Premium	2,10,572
Expenses of Management	19,890	Consideration for annuities granted	10,620
Commission	26,541	Interest, Dividend and Rents	52,461
Dividend paid	20,000	Fines	92
Income tax on interest etc.,	3,060	Annuities due but not paid	22,380
Surrenders	21,860	Share Capital 40,00,000 shares of ₹ 100 each	4,00,000
Annuities	29,420	Claims admitted but not paid	80,034
Bonus paid in cash	9,450		
Bonus in reduction of premium	2,500		
Preliminary Expenses	200		
Stamps on hand	400		
Govt. Securities	8,70,890		
Furniture	20,000		
Mortgages	3,09,110		
Loans on companies' policies	2,00,000		
Freehold premises	3,00,000		
Leasehold ground rents	2,00,000		
House Property	1,00,000		
	22,46,721		22,46,721

Additional Information:

(₹ in 000)

- Management Expenses due 600
- Premium Outstanding 7,400
- Reinsurance Premium 6,000
- Interest Accrued 15,400
- Surrenders adjusted against loans 5,000
- Further bonus utilized in reduction of premium 1,500
- Further claims intimated 8,000
- Claims covered under reinsurance 10,000

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