

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com. DEGREE EXAMINATION – ACCOUNTING AND FINANCE

FOURTH SEMESTER – APRIL 2022

UAF 4501 – ADVANCED CORPORATE ACCOUNTING

Date: 15-06-2022

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

SECTION – A

Answer all the questions

(10 x 2 =20)

1. What is meant by Non-Performing Assets?
2. Who are the preferential creditors?
3. Write a note on the following:
(a) Statutory Reserve (b) Rebate on Bills Discounted :
4. From the following particulars, calculate the Premium Earned (Net) to be derived in schedule 1 of a life insurance company

| | |
|---|-----------------|
| Premium less reinsurance | Rs. 1,61,500 |
| Accrued Premium | 5,000 |
| Bonus in reduction of premium(Not yet adjusted) | 5,000 |

5. What is Re-insurance?
6. Define Human Resource accounting.
7. Bring out any two features of CCA method.
8. Write the entry in the books of transferee book, for 'statutory reserve' under purchase method.
9. What is minority interest?
10. What is social responsibility accounting?

SECTION – B

Answer any four of the following

(4 x 10 = 40)

11. The Balance Sheets of X Ltd and Y Ltd as on 31st December 2016 are as follows:

| Liabilities | X Ltd | Y Ltd | Assets | X Ltd | Y Ltd |
|---|----------|----------|-------------------------|----------|----------|
| Share capital (in shares of Rs.10 each) | 2,00,000 | 1,00,000 | Sundry Assets | 1,32,500 | 1,38,200 |
| General Reserve | 18,000 | 20,000 | Goodwill | - | 20,000 |
| Profit and Loss A/c | 24,500 | 23,000 | Shares in Y Ltd at cost | 1,40,000 | - |
| Creditors | 30,000 | 15,200 | | | |
| | 2,72,500 | 15,200 | | 2,72,500 | 1,58,200 |

In the case of Y Ltd., profit for the year ended 31st December 2016 is Rs.12,000 and transfer to reserve is Rs.5,000. The holding of X Ltd. in Y Ltd. is 90% acquired on 30th June 2016. Draft a consolidated Balance Sheet of X Ltd and its subsidiary

12. The following is an extract from the Trial Balance of a Bank as on Dec,31,1987

| | Rs | Rs |
|-------------------------------------|-----------|--------|
| Bills discounted | 15,00,000 | |
| Rebate on bills discounted 01/01/87 | | 5,340 |
| Interest & Discount | | 91,473 |

An analysis of the bills discounted shows the following

| Date(1988) | Amount | Discounted @% p.a |
|------------------------|----------|-------------------|
| 6 th March | 1,45,000 | 5% |
| 15 th March | 4,31,000 | 6% |
| 21 st March | 2,90,000 | 4% |
| 14 th April | 3,98,000 | 3.5% |
| 24 th April | 2,36,000 | 4.5% |

Show with the aid of workings how the relevant items will appear in the banks' balance sheet as on 31.12.1987 and in the profit & loss account for the same period.

13. The following are the balance sheet of A Ltd and B Ltd

| Liabilities | A Ltd | B Ltd | Assets | A Ltd | B Ltd |
|-------------------------------|--------|--------|--------------|--------|--------|
| Equity Capital (Rs.10 each) | 50,000 | 30,000 | Fixed Assets | | |
| | | | Buildings | 25,000 | 15,500 |
| | | | Machinery | 32,500 | 17,000 |
| | | | Furniture | 5,750 | 3,500 |
| 10% Pref.Capital(Rs.100 each) | 22,000 | 17,000 | Debtors | 28,500 | 24,800 |
| General Reserve | 5,000 | 2,500 | Cash at Bank | 7,250 | 5,200 |
| Statutory reserve | 3,000 | 3,000 | | | |
| Profit & Loss a/c | 7,500 | 5,000 | | | |
| 11% Debentures(Rs.100 each) | 5,000 | 3,500 | | | |
| Creditors | 6,500 | 5,000 | | | |
| | 99,000 | 66,000 | | 99,000 | 66,000 |

A Ltd takes over B Ltd on 1st April, 1999. Purchase Consideration is discharged as follows

- I. 3,500 equity shares of Rs.10 each at par to the equity shareholders of B Ltd.
- II. 15 % Preference shares of Rs.100 each in discharge the Pref.shareholders of B Ltd. at 10 % premium.
- III. The debentures of B Ltd will be converted in to equivalent number of debentures of A Ltd.
- IV. The statutory reserves of B Ltd are to be maintained for 3 more years.

Show journal entries in the books of A Ltd if the amalgamation is in the nature of merger.

14. Ambitions Ltd went into liquidation on 31st Dec, 1986. Following information is available with the liquidator.

Sundry creditors amount to Rs. 75,660 of which Rs.8,000 are preferential. 6 % debentures carrying floating charge on the assets amounted to Rs. 80,000 debenture holders were paid interest up to 30.06.1986.

The assets realized as follows:

Stock in trade Rs.84, 000

Plant & Machinery Rs. 60,600

Cash in hand stood at Rs. 500. Debentures were paid off on 30th June of the following year with interest.

Liquidators expenses amounted to Rs. 1902 and they were entitled to a remuneration at 3% on the amount realized and 2 % on the amount distributed to unsecured creditors.

Prepare liquidators final statement of account.

15. Briefly explain the 'Cost based methods' for valuing human resources.

16. The following balances extracted from the books of the LIC as on 31.03.2006

| | Rs.'000 | | Rs.'000 |
|-------------------------------------|-----------|--------------------------------|---------|
| Life assurance fund(01/04/2005) | 15,00,000 | Claim paid during the year | 64,900 |
| Premiums | 4,96,000 | Annuities | 2,050 |
| Consideration for annuities granted | 15,000 | Bonus in reduction of premises | 1,600 |
| Interest & Dividend | 1,00,000 | Medical fees | 2,400 |
| Fines for revival of policies | 750 | Surrenders | 4,000 |
| Reinsurance premium | 20,750 | Commission | 18,650 |
| Claims outstanding(01/04/2005) | 4,500 | Management expenses | 22,000 |
| | | Income tax on dividend | 8,500 |

Prepare revenue account after making the following adjustments

| | Rs.('000) |
|-------------------------------|-----------|
| I. Outstanding balances | |
| Claims | 14,000 |
| Premiums | 4,600 |
| II. Further bonus for premium | 2,400 |
| III. Claim under reinsurance | 8,000 |

17. From the following particulars prepare the profit & loss account of X Bank Ltd for the year ending 31st March 1992

| | (Rs. in'000) |
|-----------------------------------|--------------|
| Int.on loan | 518 |
| Int on fixed deposits | 550 |
| Commission received | 16 |
| Salaries & allowances | 108 |
| Discount on bills discounted | 292 |
| Rebate on bills discounted | 98 |
| Int.on cash credit | 446 |
| Int on current a/c | 84 |
| Rent & Taxes | 36 |
| Interest on overdraft | 308 |
| Directors fees | 6 |
| Auditors fees | 2 |
| Interest on savings bank deposits | 136 |
| Postage and telegrams | 3 |
| Printing & stationery | 6 |
| Locker rent | 2 |
| Transfer fees | 1 |
| Depreciation on bank properties | 10 |
| Sundry charges | 4 |

Other information:

(i) Provision for bad debts to be made Rs.80,000

(ii) Provision for income tax required Rs.3,00,000

From the above information prepare profit & loss account of the bank for the year ended 31.03.1992.

SECTION -C

Answer any two of the following:

(2 x 20 = 40)

18. Prepare from the following a Life Insurance Revenue Account and Balance Sheet as on 31.03.2016

| Particulars | Rupees | Particulars | Rupees |
|---------------------------------|----------|---|----------|
| Claims by death | 16,890 | Outstanding interest on Advances (31.03.2016) | 1,944 |
| Agents Salaries and Allowances | 6,420 | Bonus paid with claims | 2,700 |
| Surrender values paid | 2,810 | Endowment assurance matured | 24,415 |
| Actuarial expenses | 1,520 | Annuities paid | 1,350 |
| Premiums | 94,836 | Interest revenue | 19,060 |
| Commission to Agents | 8,900 | Rent, Rates & Taxes | 5,475 |
| Salaries | 13,500 | General charges | 1,860 |
| Medical Fees | 1,200 | Fees received | 172 |
| Travelling Expenses | 1,800 | Bonus paid in cash | 2,825 |
| Director's fees | 900 | Advertisement | 726 |
| Agents balances | 750 | Consideration for annuities | 12,853 |
| Claims expenses | 1,432 | Printing and Stationery | 650 |
| Premium outstanding (1.4.2015) | 2,134 | Claims outstanding (1.4.2015) | 2,376 |
| Premium outstanding (31.3.2016) | 3,143 | Claims Outstanding (31.3.2016) | 3,735 |
| Investments | 1,46,700 | Loans on policies | 38,300 |
| Share capital | 2,00,000 | Loans on mortgages | 2,90,560 |
| Sundry creditors | 9,200 | Freehold premises | 1,22,600 |
| Life Assurance Fund (1.4.2015) | 3,53,672 | Furniture and Fittings | 64,100 |
| Reserve Fund | 1,46,000 | Cash on hand & Deposits | 76,300 |

19. From the following Balance Sheet relating to H Ltd and S Ltd. Prepare a consolidated Balance Sheet

Balance Sheet as on 31.12.2020

| Liabilities | H Ltd | S Ltd | Assets | H Ltd | S Ltd |
|--------------------------------------|-----------|----------|---|-----------|----------|
| Share Capital (Shares of Rs.10 each) | 10,00,000 | 2,00,000 | Sundry Fixed Assets | 8,00,000 | 1,20,000 |
| Profit and Loss A/c | 4,00,000 | 1,20,000 | Stock | 6,10,000 | 2,40,000 |
| Reserves | 1,00,000 | 60,000 | Debtors | 1,30,000 | 1,70,000 |
| Creditors | 2,00,000 | 1,20,000 | Bills receivable | 10,000 | - |
| Bills Payable | - | 30,000 | Shares in 'S Ltd' at cost (15,000 shares) | 1,50,000 | |
| | 17,00,000 | 5,30,000 | | 17,00,000 | 5,30,000 |

- (a) All profits of S Ltd have been earned after the shares were acquired by H Ltd. But there was already a reserve of Rs.60, 000 on that date.
 (b) All the bills payable of S Ltd were accepted in favour of H Ltd
 (c) The stock of H Ltd includes Rs.50, 000 purchased from S Ltd. The profits added was 25% of cost.

20. The balance sheets of W Ltd and S Ltd as at 31st March 2020 as follows

| I. Equity & Liabilities | | Note No | W Ltd | S Ltd |
|-------------------------|--------------------------------------|---------|------------------|------------------|
| 1. Shareholder's fund | | | | |
| | (a) Share Capital | 1 | | |
| | 3,00,000 equity shares of Rs.10 each | | 30,00,000 | |
| | 1,50,000 equity shares of Rs.10 each | | | 15,00,000 |
| | (b) Reserves & surplus | 2 | | |
| | General Reserve | | 40,000 | 3,60,000 |
| 2. Current liabilities | | | | |
| | Trade payables | | 2,00,000 | 90,000 |
| | | | 32,40,000 | 19,50,000 |
| II Assets | | | | |
| 1. Non-Current Assets | | | | |
| | Tangible Assets | 3 | 24,00,000 | 15,00,000 |
| 2. Current assets | | | | |
| | Inventories | | 2,80,000 | 1,95,000 |
| | Trade receivables | 4 | | |
| | Trade drs | | 3,60,000 | 1,65,000 |
| | (less) Prov. for doubtful | | | -15,000 |
| | | | 3,60,000 | 1,50,000 |
| | Cash & Cash equivalent | | 2,00,000 | 1,05,000 |
| | | | 32.40,000 | 19,50,000 |

W Ltd agreed to acquire the business of S Ltd as on 01/04/2020 on the following

- (i) W Ltd would acquire all assets and liabilities of S Ltd at book value
 (ii) W Ltd agreed to issue six shares of Rs.10 each for every five shares of S Ltd
 The expenses of amalgamation amounting Rs.30, 000 were paid by W Ltd.

Pass journal entries in the books of W Ltd according to pooling of interest method
