



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com.DEGREE EXAMINATION – COMMERCE

SIXTH SEMESTER – APRIL 2019

16UCO6MS01- ADVANCED CORPORATE ACCOUNTING

Date: 11-04-2019

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

PART – A

Answer all the Questions

10 * 2 = 20 Marks

1. What do you mean by Non-Performing Asset?
2. Write a very short note on Voluntary winding up.
3. Give the meaning of Life Assurance Fund.
4. What are the requirements to be fulfilled for a company to become a Holding Company?
5. How purchase consideration is determined?
6. State the process of Human Resource Accounting.
7. List out the statements of social responsibility accounting.
8. Say Ltd. agrees to purchase the business of Kay Ltd. on the following terms :
 - a. For each of the 10,000 shares of Rs.10 each in Kay Ltd. 2 shares in Say Ltd. of Rs.10 each will be issued at an agreed value of Rs.12 per share. In addition Rs.4 per share cash also will be paid.
 - b. 8% Debentures worth Rs.80,000 will be issued to settle Rs.60,000 9% debentures in Kay Ltd.
 - c. Rs.10,000 will be paid towards purchase consideration.

Calculate purchase consideration.

9. Calculate the net claim to be shown in the Revenue account of an Insurance Company

Claims paid during year ended 31st March 2019 Rs.11,20,000

Claims outstanding on 1.4.2018 Rs.1,04,000

Claims outstanding on 31.3.2019 Rs.1,84,000

Claims covered under re-insurance Rs.50,000

10. The trial balance of a bank as on 30th June 2018 shows the following balances :

Interest and discount Rs. 90,81,200

Rebate on bills discounted(1.7.2017) Rs.9,500

Bills discounted and purchased Rs.6,74,800

The unexpired discount as on 30th June 2018 is estimated to be Rs.11,120. Calculate the amount of interest and discount to be credited to Profit and Loss account.

PART – B

Answer Any FOUR Questions

4 * 10 = 40 Marks

11. On 31st March 2019 a bank held the following bills, discounted by it earlier :

Date of bill (2019)	Term of bill month	Discounted %	Amount of bill Rs.
a. 20 th January	2	16	6,80,000
b. 17 th January	4	17	7,30,000
c. 7 th February	3	18	14,60,000
d. 9 th March	3	17.5	3,64,000

As on 31st March, 2019 the trial balance showed Discount received as Rs.20,50,000, Bills Purchased and Discounted at Rs.35,00,000 and Rebate on Bills discounted on 1-4-2018 stood at Rs.1,50,000. You are required to calculate the rebate on bills discounted. Pass necessary journal entries and show how these items appear in the final accounts.

12. On carrying out the valuation on 31 / 03 / 2019 of a life insurance company, the actuary's certificate disclosed a net liability of policies and annuities at Rs.8,080 thousands. The following revenue items for the year 2018-19 are:

Particulars	Rs. ('000)	Particulars	Rs. ('000)
Bonus in cash	190	Annuities	1,620
Bonus in reduction of premium	10	Consideration for annuities granted	2,240
Surrenders	320	Life Assurance Fund (01-04-2018)	8,000
Premiums	6,000	Interim bonus paid	180
Interest, Dividend & Rent	2,200		
Claims	4,400		

Expense of Management	440	Commission	160
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Prepare revenue account and ascertain the balance of life assurance fund. It was decided by the company to write down the investments from Rs.9,080 thousands to Rs.8,720 thousands, if the valuation revealed surplus. There was an investment fluctuation reserve amounting to Rs.260 thousands.

As a result of valuation, the company declared a reversionary bonus of Rs.45 per 1,000 and gave the policy holders the option to get the bonus in cash @ Rs.19 per 1,000. The total business in force was Rs.4 crores. One fourth of the policy holders in value decided to get the bonus in cash. Show how the policy holders can get by way of share of profit.

13. The following information is extracted from the books of Namesake Ltd., on 31 / 03 / 2019 on which date a winding up order was passed:

Particulars	Amount
Equity shares – 40,000 shares of Rs.10, Rs.8 called up	3,20,000
Preference shares – 4,000 shares of Rs.100 each	4,00,000
Calls in arrears estimated to realise Rs.1,200	2,000
15% Debentures secured by first floating charge	4,00,000
Bank Overdraft secured by second floating charge	2,00,000
Fully secured creditors (secured against machinery)	1,20,000
Investments (estimated to realise Rs.1,20,000)	1,60,000
Machinery – secured to creditors (estimated to realise Rs.1,60,000)	2,40,000
Land (estimated to realise Rs.1,60,000)	80,000
Rent & Taxes	8,000
Wages & Salaries	6,000
Bills Payable	48,000
Sundry Creditors	1,20,000
Bills Receivable – estimated to realise Rs.4,000	12,000
Debtors - estimated to realise 60%	2,80,000
Bills Discounted – Rs.60,000 likely to rank	16,000
Contingent Liability likely to materialise	12,000
Stock in trade - estimated to realise Rs.76,000	1,20,000
Cash in hand	6,400

Entry for accrued salary of Rs.8,000 and Rent of Rs.4,000 has still has to be made in the books. Prepare Deficiency or Surplus A/c.

14. Explain the various methods of valuing human resources of the company.

15. The Balance Sheets of Kay Ltd and Dee Ltd. as at 31st December 2018 are as follows :

Liabilities	Kay Ltd.	Dee Ltd.	Assets	Kay Ltd.	Dee Ltd.
Share Capital (shares of Rs.10/- each)	4,00,000	2,00,000	Sundry Assets	2,65,000	2,76,400
			Goodwill	NIL	40,000
General Reserve	36,000	40,000	Shares in Dee Ltd @ Cost	2,80,000	NIL
P & L A/c	49,000	46,000			
Creditors	60,000	30,400			
	5,45,000	3,16,400		5,45,000	3,16,400

In the case of Dee Ltd. profit for the year ended 31st December 2018 is Rs.12,000 and transfer to general reserve is Rs.5,000. The holding of Kay Ltd. in Dee Ltd. is 90% acquired on June 30th 2018. Prepare a consolidated Balance sheet of Kay Ltd. and its subsidiary.

16. King Ltd., and Queen Ltd., agreed upon an amalgamation and a new company called Prince Ltd., to be formed. The balance sheets of both the companies were as follows:

Liabilities	King Ltd.,	Queen Ltd.,	Assets	King Ltd.,	Queen Ltd.,
Issued Capital (of Rs.10 each)	60,000	48,000	Furniture	18,000	12,600
			Debtors	28,800	36,000
Reserves	Nil	3,000	Bank	36,720	24,480
Profit & Loss A/c	Nil	7,200	Profit & Loss A/c	2,280	Nil

Creditors	25,800	14,880			
	85,800	73,080		85,800	73,080

The assets of King Ltd., are to be taken over at book values except furniture which is to be written down by Rs.7,020. Queen Ltd's assets are to be taken over at book values except debtors which are to be considered worth Rs.19,800. The share capital of the combined company is to be 4,800 preference shares of Rs.10 each fully paid and equity shares of Rs.5 each fully paid. The allocation of shares is equal except that the surplus capital of King Ltd., is to be satisfied by preference shares. Show the balance sheet of the new company assuming that the amalgamation is in the nature of purchase.

17. What is purchase consideration? Explain the various methods of calculating purchase consideration.

PART – C

Answer Any TWO Questions

2 * 20 = 40

18. The summarized balance sheets of Heena Ltd., and Meena Ltd., as on 31st December 2018 were as follows:

Liabilities	R Ltd.,Rs.	S Ltd., Rs.	Assets	R Ltd., Rs.	S Ltd., Rs.
5,000 Equity share of Rs.100 each	5,00,000	NIL	Plant	2,40,000	1,09,400
			Premises	1,50,000	1,80,000
2,000 Equity Share of Rs. 100 each	NIL	2,00,000	Investment in Meena Ltd.	3,40,000	NIL
			Stock	1,40,000	36,000
Capital Reserve	NIL	1,20,000	Debtors	42,000	40,000
General Reserve	2,40,000	NIL	Amount owed by Meena Ltd.,	2,000	NIL
Profit & Loss A/c	57,200	36,000	Bank	14,500	8,000
Bank Loan	1,00,000	NIL	Bills Receivable (including Rs.3,000 from Meena Ltd.,)	15,800	NIL
Bills Payable (including Rs.3,000 to Heena Ltd.)	NIL	8,400			
Creditors	47,100	NIL			
Creditors:Heena Ltd.,	NIL	1,000			
Others	NIL	8,000			
	9,44,300	3,73,400		9,44,300	3,73,400

Heena Ltd., acquired 1,600 equity shares of Rs.100 each in Meena Ltd., on 1st April 2018. Prepare a consolidated Balance sheet as on 31st December 2018 after considering the following:

- Sundry Creditors of Heena Ltd., include Rs.12,000 due to Meena Ltd.,;
- The directors are advised that the premises of Meena Ltd., are undervalued by Rs.20,000 and its Plant over valued by Rs.10,000;
- A cheque for Rs.1,000 sent to Heena Ltd., by Meena Ltd., on Dec 30, 2018 was not received by the former until January 3rd, 2019;
- P & L A/c of Meena Ltd., represents profits earning during the year ended 31 / 12 / 2018.

19. From the following, prepare the Profit and loss account and the Balance sheet of Madurai Bank Ltd. as on 31.12.2018 according to Banking Regulation Act 1949:

Trial balance as on 31.12.2018

Particulars	Debit	Credit
	Rs in thousands	
Issued capital :		
40,000 shares of Rs.100 each	-	4,000
Money at call and short notice	1,600	-
Reserve fund	-	1,400
Cash in hand	1,300	-
Deposits	-	5,000
Cash at bank	1,900	-
Borrowings from SBI	-	1,000
Investment in govt. securities	1,800	-
Secured loans	3,000	-
Cash credits	1,000	-

Premises less depreciation	1,160	-
Furniture less depreciation	240	-
Rent	10	120
Interest and discount	-	1,600
Commission and brokerage	-	140
Interest paid on deposits	600	-
Salary and allowances to staff	300	-
Interest paid on borrowings	100	-
Audit fees	20	-
Director's fees	16	-
Non-banking assets	160	-
Depreciation on bank's property	26	-
Printing	6	-
Advertisement	2	-
Stationary	10	-
Postage and telegrams	4	-
Other expenses	6	-
	13,260	13,260

Adjustments :

- Provide Rs.40,000 for doubtful debts and Rs.1,20,000 for taxes.
- Provide Rs.20,000 on bills discounted but not matured on 31.12.2018
- Acceptances and endorsements on behalf of customers amounted to Rs.8,00,000

20. Honey Ltd., and Money Ltd., agreed to amalgamate on the basis of the following balance sheets as on 31 / 03 / 2018:

Liabilities	Honey Ltd., Rs.	Money Ltd., Rs.	Assets	Honey Ltd., Rs.	Money Ltd., Rs.
Share Capital (Rs.25 each)	1,50,000	1,00,000	Goodwill	60,000	Nil
			Fixed Assets	63,000	77,600
P & L A/c	15,000	5,000	Stock	30,000	24,000
Creditors	7,000	7,000	Debtors	16,000	10,400
Depreciation Fund	Nil	5,000	Bank	3,000	5,000
	1,72,000	1,17,000		1,72,000	1,17,000

The assets and liabilities are to be taken over by a new company called Funny Ltd., at book values. Funny Ltd.,'s capital is Rs.4,00,000 divided into 20,000 shares of Rs.10 each and 20,000 9% Preferences shares of Rs.10 each. Funny Ltd., issued the equity shares equally to the vendor companies and preference shares were issued for any balance of purchase price.

Pass journal entries in the books of Funny Ltd., and prepare its opening balance sheet if amalgamation is in the nature of purchase.

21. The following information is extracted from the books of Carborandum Company on 30th June 2018 on which date a winding up order was made:

Particulars	Amount
Cash in Hand	24,000
Book Debts – Good	7,60,000
Book Debts – Doubtful (estimated to produce Rs.60,000)	1,60,000
Book Debts – Bad	90,000
Shares (Estimated to Produce Rs.12,00,000)	14,40,000
Freeholds (Estimated to Produce Rs.37,00,000)	42,00,000
Plant and machinery (Estimated to Produce Rs.12,60,000)	12,00,000
Furniture & fittings (Estimated to Produce Rs.1,60,000)	2,40,000
Equity share capital 4,00,000 shares of Rs.10 each	40,00,000
14% preference share capital of Rs.10 each	60,00,000
Calls in arrears (Estimated to Produce Rs.40,000)	80,000
14% first mortgage debenture secured by a floating charge on all the assets of the company	40,00,000
Creditors fully secured (value of securities Rs.8,00,000)	7,00,000
Creditors partly secured (value of securities Rs.4,00,000)	8,00,000
Preferential creditors	1,50,000

Unsecured creditors	54,00,000
Bank overdraft secured by a second charge	4,00,000

You are required to prepare a statement of affairs in the prescribed form.