

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com. DEGREE EXAMINATION – COMMERCE

SIXTH SEMESTER – APRIL 2022

16/17/18UCO6MS01 – ADVANCED CORPORATE ACCOUNTING

Date: 24-06-2022

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

Section: A

Answer All Questions:

10 x 2 = 20

1. What is meant by Annuity?
2. What is Reinsurance?
3. Write a short note on NPA.
4. H Ltd. acquired 75% of shares in S Ltd. on 1-07-2021 the balance sheet of S Ltd. showed Reserve Fund balance on 1-01-2021 Rs.40,000, profit earned during 2001 Rs. 60,000 and preliminary expenses unwritten Rs.20,000. Calculate capital and revenue profits.
5. Define Holding Company.
6. What do you understand by Minority Interest?
7. Write a short note on Merger.
8. On 1st October 2016, Robin Bank discounted a five-month bill of Rs.20,000 at 12% p.a. Give the journal entry for rebate on bills discounted (accounts are closed on 31st December).
9. From the following, you are required to calculate the amount of claims to be shown in the revenue account for year ending 31.12.2020. Claims paid in 2020 Rs. 3,06,000; Claim on account of re-insurance was Rs. 75,000; Claim outstanding for 2019 Rs. 45,000; Claims outstanding for the year 2020 Rs. 36,000.
10. Write a short note on Cost of Control.

Section : B

Answer any Four questions only:

4 x 10 = 40

11. Enumerate the 'Lists' included in the statement of affairs to be submitted by company for the purpose of liquidation.
12. Distinguish between Amalgamation in nature of Merger and Purchase.
13. Explain the various schedules to be prepared by a Commercial Bank.
14. A Life insurance Co. disclosed a fund of Rs.40,00,000 and the Balance Sheet total of Rs.90,00,000 on 31.03.2016 before taking into consideration:
 - a) A Claim of Rs.20,000 intimated and admitted but not paid during the year
 - b) A Claim of Rs.12,000 outstanding in the books for 8 years and written back.
 - c) Interest on securities accrued Rs.1,600 but not received during the year.

- d) Premium of Rs.1,200 is payable under reinsurance.
- e) Reinsurance recoveries Rs.52,000
- f) Bonus utilized in reduction of premium Rs.20,000
- g) Agents commission to be paid Rs.16,000

Pass the necessary journal entries for the above omissions, recomputed the fund and show the balance sheet total after making the above adjustments.

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

Date 2020	Amount (Rs.)	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 necessary journal entry, assuming accounts are closed on the date.

16. Balance sheet as at 31.12.2017

Liabilities	H Ltd	S Ltd	Assets	H Ltd	S Ltd
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 the credit balance of Rs.10,000 in the reserves when H Ltd acquired shares in S Ltd. S Ltd capitalized its Rs.10,000 (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.

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

Liabilities	Rs.	Assets	Rs.
8% Pr. Shares of Rs.100 each	3,75,000	Fixed Assets	16,25,000
Eq. Shares of Rs.10 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 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 - C

Answer any Two questions only:

2 x 20 = 40

18. Following is the balance sheet of K Ltd as on 31.12.2019

Liabilities	Rs.	Assets	Rs.
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 Rs.4,000 and cash Rs.1,000 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 Rs.2,000 shares of Rs.10 each at the market value of Rs.15 each and the balance in cash. Liquidation expenses came to Rs.400. K Ltd sold the fixed asset of Rs.4,000 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.

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

Liabilities	A Ltd Rs.	B Ltd Rs.	Assets	A Ltd Rs.	B Ltd Rs.
Eq.Sh of Rs.10 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 Rs.6,000 out of which Rs.2,500 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 Rs.9,000. Also write off Rs.3,100 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.

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

Particulars	Rs.	Particulars	Rs.
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

21. A Life Insurance Company gets valuation made once in every two years. Its Life Assurance fund on 31.03.2019 amounted to Rs.63,84,000 before providing Rs.64,000 for the shareholders' dividend for the year 2018-2019. Its actuarial valuation due on 31.0.2019 disclosed a net liability of Rs.60,80,000 under assurance annuity contracts. An interim bonus of Rs.80,000 was paid to the policy holders during the two years ending 31.03.2019. Prepare a statement showing the amount now available as bonus to policy holders.
