



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FIFTH SEMESTER – APRIL 2023

UCO 5601 – ADVANCED CORPORATE ACCOUNTING

Date: 15-05-2023

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

PART –A

10X2=20 MARKS

Answer all questions

1. Write a short note on Non- performing Assets.
2. A Subsidiary Co. sold goods to its holding company on the basis of cost plus 25% at the end of the year. Stock-in-trade of the holding company included such goods amounted to Rs. 80,000, 25% of the shares of the subsidiary Co. are held by outsiders. What is the amount of Stock Reserve required?
3. Who is “List-B” Contributories?”
4. Ascertain Liquidator remuneration from the following data:
Assets realised: Rs.6, 30,000 including cash balance: Rs.30, 000. Liquidator remuneration 2% on assets realised.
5. Lal Ltd agreed to absorb the business Mal Ltd. The Purchase consideration was as under:
Every 3 shares of Rs 10 each in the Mal Ltd.8equity shares in Lal Ltd.as Rs10 paid up. There were 90,000 Equity shares in Mal Ltd.
6. From the following advances made by Lucky Bank Ltd. You are required to compute the amount of provision to be shown in the P&L A/c.
Standard Assets 8.000Lakhs; Sub-standard Assets: 650Lakhs; Doubtful Assets (More than three years) 100Lakhs; Loss Assets: 250Lakhs.
7. From the following particulars, calculate the premiums earned (Net) to be derived in schedule 1 of a life insurance company: Premiums less reinsurance. Rs 1, 61,000
Accrued premiums Rs. 5,000; Bonus in reduction of premiumRs.5, 000.
8. X Ltd. Purchased 60% of Y Ltd. On 1/1/02 when the balance on their P/L A/c and general reserve were Rs .1,50,000 and Rs.1,60,000 respectively. On 31/12/02. Balance sheet of Y Ltd. Showed P/L A/c balance of Rs.4, 00,000 and General reserve Rs3, 60,000.Calculate Capital profits and Revenue profits.
9. Write a note on “Minority Interest”.
10. Write a note on “Catastrophe reserve “.

PART-B

Answer any FOUR questions.

4X10=40MARKS

11. Spring field Ltd is absorbed by sports field limited. The consideration being:

The taking over of trade liabilities of Rs.40, 000

The payment of cost of the trade liabilities of Rs.15, 000

The repayment of “b” debentures of spring field Ltd. of Rs.20, 000 at par

The discharge of “a” debentures of Rs.3, 00,000 in the vendor Co, at a premium of 10% by the issue of 8% debentures in sports field Ltd. at par:

A payment of Rs.20 per share in cash and the exchange of 4 fully paid Rs.10 shares in sports field ltd. at a market price of Rs.15 per share for every Rs.50 share in spring field ltd. which were 40,000 in number. You are required to find out the purchase consideration.

12. From the following balances extracted from the books of the LIC as at 31.03.2006, prepare a Revenue Account for the year ending 31.03.2006 in the prescribed form.

	Rs (in 000)		Rs (in 000)
Claims by death	3,30,000	Life assurance fund	63,31,000
Claims by maturity	2,15,000	Premium	20,65,000
Agents and canvasser’s allowance	26,500	Bonus in reduction of premiums	1,000
Salaries	44,200	Income tax on interest and dividends	5,700

Travelling expense	1,200	Printing and stationery	13,900
Director's fee	8,700	Postage and telegram	14,300
Auditor's fee	1,000	Receipt stamps	2,300
Medical fee	52,000	Reinsurance premium	40,950
Commission	2,18,000	Interest and dividend(gross)	2,72,000
Rent	2,800	Policy renewal fees	9600
Law charges	200	Assignment fees	540
Advertising	4,300	Endowment fees	690
Bank charge	1,500	Transfer fees	1400
General charges	2,000		
Surrenders	47,500		

13. From the following balances of Sarasvati bank limited, as on 31st December 2015, Prepare its balance sheet in the prescribed form

Particulars	Rs. in '000'
Paid up share capital (shares of rs.100 each fully paid up)	2,000
Bills discounted	1,800
Reserve fund	770
Cash credits	2,000
Overdrafts	800
Unclaimed dividends	10
Loans	4,600
Current deposits	3,800
Furniture	40
Profit and loss account (Cr)	220
Stamps and stationery	10
Cash in hand	500
Cash with RBI	1,300
Branch adjustment (Dr)	170
Investments	950
Loans(Cr)	1,200
Recurring deposits	1,000
Fixed deposits	2,000
Cash certificates	1,000
Contingency reserve	170

Adjustments:

A .Rebate on bills discounted Rs.10, 000

B.Provide Rs.80, 000 for doubtful debts

C. Banks acceptance on behalf of customers were Rs.6, 50,000

14. From the following balances prepare the fire insurance revenue account for the year ended 31.03.2016 Of ABC fire insurance co. Ltd.

Particulars	Rs(in 000)	particulars	Rs(in 000)
Commission on reinsurance accepted	1,86,458	Audit fees	2,500
Commission on direct business	1,95,172	Professional taxes	2,875
Depreciation on furniture	650	Bad debts written off	2,206
Depreciation on library	148	Claims under policies less insurance paid during the year	1,52,930
Depreciation on motor car	6,240	Reserve for unexpired risks as at 31.03.15	3,66,954

Loss on sales of motor car	12,074	Additional reserve for unexpired risk as at 31.03.15	45,824
General manager's salary	24,000	Premiums received less reinsurance	9,89,980
Telephone	5,100	Commissions on reinsurance ceded	3,41,208
Postage and telegrams	5,510	Unpaid claims on 31.03.16	6,264
rent	62,500	Unpaid claims on 31.03.15	1,198
Travelling expenses	45,600	Miscellaneous expense	250
Motor car expense	45,500		
Establishment	24,000		
Bonus	24,000		
Stationery	35,550		
Newspaper and periodicals	14,062		
Legal expenses	23,400		
Electricity charges	16,100		
Provident fund contribution	11,875		

You are required to make 40% of the net premium received as provision for unexpired risks at 31.03.16 and 10% of the net premium as additional reserve for the same.

15. The balance sheets of C Ltd. and D Ltd. as at 31st December, 2018 are as follows,

Liabilities	C Ltd Rs.	D Ltd Rs.	Assets	C Ltd Rs.	D Ltd Rs.
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	D Ltd. at cost	1,40,000	-
Creditors	30,000	15,200			
	2,72,500	1,58,200		2,72,500	1,58,200

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

16. What are preferential payments with regard to company liquidation?

17. What is 'Pooling of interests method'? Explain its features and significance.

PART-C

2X20=40 MARKS

Answer any TWO questions.

18. The following balances were extracted from the books of sudden death ltd. on 31.12.2016 on which date a winding up order was made:

Share capital:	Rs
Equity shares-20,000 shares of Rs.10 each, Rs.8 called up	1,60,000
Preference shares-2,000 shares of Rs.100 fully paid up	2,00,000
Calls-in -arrears on equity shares-estimated to realize Rs.600	1,000
15% debenture secured by first floating charge on the asset	2,00,000
Bank overdraft secured by a second floating charge on the asset	1,00,000
Fully secured creditors (secured against plant and machinery)	60,000
Investments (estimated to realize Rs.60,000)	80,000
Plant and machinery (secured to creditors estimated to realize Rs.80,000)	1,20,000
Land and buildings- estimated to realize Rs.80,000	40,000
Rent and taxes	4,000
Wages and salary	3,000

Bills payable	24,000
Sundry creditors	60,000
Bills receivable -estimated to realis Rs.2,000	6,000
Debtors- estimated to realize 60%	1,40,000
Bills discounted – Rs 30,000 likely to rank	3,000
Contingent liability likely to materialize	6,000
Stock in trade estimated to produce Rs.38,000	60,000
Cash in hand and at bank	3,200

Entry for accrued salary of Rs.4, 000 and rent of Rs.2, 000 has still to be made in the books.

Prepare a statement of Affairs and Deficiency Account.

19. Madhur limited went into voluntary liquidation on 31.12.2019. Madhur ltd.'s balance sheet as on 31.12.2019 was as follows:

Liabilities	Rs	Assets	Rs
5,000 Equity shares of Rs.100 each, Rs.75 per share paid up	3,75,000	Land and Building	1,50,000
5,000 Equity shares of Rs.100 each, Rs.50 per share paid up	2,50,000	Plant and Machinery	5,50,000
2,000,10% Preference share of Rs.100 each	2,00,000	Patent	70,000
5% Debentures	3,00,000	Stock	1,30,000
Interest outstanding on debentures	15,000	Debtors	2,35,000
Creditors	2,60,000	Cash at bank	30,000
		Profit and Loss a/c	2,35,000
	14,00,000		14,00,000

Dividends on preference shares are in arrears for 2 years. The arrears of preference dividend payable on liquidation as per the articles of the company .Creditors include preferential creditors of Rs.15, 000 and mortgage loan for Rs.1, 20,000 secured by a mortgage on land and buildings the assets realized as under: Land and buildings Rs.2, 30,000 and plant and machinery Rs.4, 50,000; patents Rs.45, 000; debtor Rs. 2, 00,000 and Stock Rs.1, 15,000.

The expense of liquidation amount to Rs.13, 500. The liquidator is entitled to remuneration of 3% on all assets realized (except cash at bank) and 2% on amount distributed to unsecured creditors (except preferential creditors). All payments were made on 30th June 2020.Prepare the liquidator's is final statement of account.

20. The following are the balance sheets of H Ltd. and its subsidiary S Ltd. as on 31.03.2015

Liabilities	H Ltd Rs.	S Ltd Rs.	Assets	H Ltd Rs.	S Ltd Rs.
Share capital: Rs.10 each fully paid	6,00,000	2,00,000	Machinery	3,00,000	1,03,000
General reserve	1,50,000	70,000	Furniture	70,000	45,000
Profit and loss account	70,000	50,000	70% Shares in S ltd at cost	2,60,000	-
Creditors	90,000	60,000	Stock	1,75,000	1,89,000
			Debtors	55,000	30,000
			Cash at bank	50,000	10,000
			Preliminary expense		6,000
	9,10,000	3,80,000		9,10,000	3,80,000

H Ltd. acquired the shares of S Ltd. on 30th June 2014.On 1st April 2014, S Ltd.'s general reserve and profit & loss account stood at Rs.60,000 and Rs.20,000 respectively. No part of the preliminary expense was written off in the year ended 31.03.2015.

Prepare consolidated balance sheet of H ltd and its subsidiary S ltd as on 31.03.2015, giving all your working notes separately.

21. Write short notes on a) Double Insurance b) Amalgamation c) Reversionary Bonus
d) Surrender value and e) Additional Reserve.

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