

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**B.Com. DEGREE EXAMINATION – COMMERCE****FIFTH SEMESTER – NOVEMBER 2022****UCO 5601 – ADVANCED CORPORATE ACCOUNTING**

Date: 30-11-2022

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

PART-A**ANSWER ALL THE QUESTIONS****(10X2=20 Marks)**

1. What is Amalgamation?
2. What do you mean by Intrinsic value?
3. Who are preferential creditors?
4. What is Statutory Reserve?
5. Define Liquidation.
6. Amount available for payment of unsecured creditors and liquidator's remuneration is Rs. 1,78,500 and calculate liquidator's remuneration of 2% on amount paid to unsecured creditors.
7. Write a note on: Assets not specifically pledged.
8. What is Unsecured Creditor?
9. What do you mean by reinsurance ceded?
10. S Ltd. sold to H Ltd. goods costing Rs. 15,000 for Rs. 20,000 and half of these goods were lying as unsold in the H Ltd. Calculate unrealized profit?

PART-B**ANSWER ANY FOUR QUESTIONS****(4X10=40 Marks)**

11. The following information was extracted from the books of a Ltd. Company on 31st December, 2021 on which date a winding up order was made:

Particulars	Amount
Equity Share Capital: 2,000 Shares of Rs.10 each	20,000
6% Preference Share Capital: 3,000 shares of Rs. 10 each	30,000
Calls in Arrears (Estimated to Produce Rs.200)	400
5% Mortgage Debentures secured by a floating charge on the whole of the assets of the company (interest paid to date)	20,000
Creditors Fully secured (value of securities Rs.4,000)	3,500
Creditors Partly secured (value of securities Rs.2,000)	4,000
Preferential creditors for wages, rates and taxes etc.	750
Unsecured Creditors	27,000
Bank Overdraft, secured by a second charge on the whole of the assets of the company	2,000
Cash in Hand	120
Book Debts: Good	3,800
Doubtful Debts (estimated to produce Rs.300)	800
Bad	450
Stock in Trade (estimated to produce Rs.6,000)	7,200
Freehold Land & Building (estimated to produce Rs.18,500)	21,000
Plant & Machinery (estimated to produce Rs.6,300)	6,000
Fixtures & Fittings (estimated to produce Rs.800)	1,200

Prepare the statement of affairs of the company.

12. The X Ltd. & Y Ltd. Have agreed to amalgamate into new company XY Ltd. has been formed to take over the running concerns as on 31.12.2021. The following Balance Sheet show the position of the companies amalgamating:

Liabilities	X Ltd.	Y Ltd.	Assets	X Ltd.	Y Ltd.
Share capital of Rs. 10 each	20,000	50,000	Goodwill	--	6,000
General Reserve	16,000	--	Plant	14,000	20,000
Capital Reserve	--	4000	Furniture	8,000	12,000
Profit & Loss A/c	4000	---	Stock	16,000	8,000
Loan from bank	10,000	16,000	Sundry debtors	10,000	17,000
Creditors	10,000	6,000	Cash at bank	12,000	7,000
			Profit & Loss A/c	--	6,000
	60,000	76,000		60,000	76,000

- XY Ltd. took over all the assets and liabilities of both the transferor companies at book values except cash at bank, creditors and the goodwill of Y Ltd. which was considered worthless.
- The purchase consideration was agreed at Rs. 60,000 for X Ltd. and Rs. 40,000 for Y Ltd. fully paid equity shares of Rs. 10 each were issued to settle the purchase price for both the companies.
- Cash at bank of both companies was exactly sufficient to settle their creditors at 10% discount and pay liquidation expenses.

You are required to journalise the transferor companies and balance sheet in the books of transferee company. Assuming that the amalgamation in the nature of purchase.

13. From the following information prepare the Profit & Loss A/c of Ashok bank Ltd. for the year ended 31st March 2022 in the prescribed form.

Particulars	Rs.
Interest on loan	2,59,000
Interest on fixed deposits	2,75,000
Rebate on bills discounted required	49,000
Commission	8,200
Establishment	54,000
Discount on bills discounted	1,95,000
Interest on cash credit	2,23,000
Interest on current account	42,000
Rent and taxes	18,000
Interest on overdraft	1,54,000
Director's fees	3,000
Auditor's fees	1,200
Interest on saving bank deposits	68,000
Postage and telegrams	1,400
Printing and stationery	2,900
Sundry charges	1,700

Bad debts to be written off amounted to Rs. 40,000. Provision for taxation may be made at 55%. Balance of profit from last year was Rs. 1,20,000. The directors have recommended a dividend of Rs. 20,000 for the shareholders.

14. Prepare in the proper statutory form the Revenue A/c of the Reliable Insurance company Ltd. for the year ended 31st March 2022 from the following information:

Particulars	Rs. (‘000)	Particulars	Rs. (‘000)
Claims by death	76,140	Expenses of management	31,920
Claims by maturity	30,110	Commission	9,574
Premiums:		Interest & dividends	97,840
First Premiums	2,50,000	Income tax on interest & dividends	35,710
Renewal Premiums	3,55,690	Surrenders	13,140
Single Premiums	1,00,000	Bonus in reduction of premium	980
Transfer fees	129	Dividend paid	5,500
Consideration for annuities granted	82,127	Life fund (opening)	15,21,000
Annuities paid	53,461	Bonus paid in cash	2,416

15. The following are the Balance Sheets of H Ltd. and S Ltd. on 31.12.2021

Particulars	Amount	Amount	Particulars	Amount	Amount
Share capital (Rs. 10 each)	6,00,000	2,50,000	Goodwill	30,000	20,000
General reserve	1,60,000	95,000	Fixed assets	5,80,000	2,00,000
Profit for the year	2,20,000	1,20,000	Stock	1,60,000	80,000
Bills payable	20,000	--	Investment in 15,000 shares of S Ltd	2,00,000	--
Sundry creditors	1,00,000	35,000	Bills receivable	--	15,000
			Sundry debtors	80,000	1,15,000
			Cash in hand	50,000	70,000
	11,00,000	5,00,000		11,00,000	5,00,000

Additional information: H Ltd. acquired the shares of S Ltd. on 1.9.2021.

Prepare the consolidated Balance Sheet.

16. Explain the treatment of the following while consolidating the accounts of holding company and its subsidiary company:

- Pre-acquisition profit
- Mutual obligation
- Profit / loss on revaluation of fixed assets.

17. Explain the various methods of calculating purchase consideration.

PART-C

ANSWER ANY TWO QUESTIONS

(2X20=40 Marks)

18. The summarized Balance Sheet of Rana Ltd. As on 31.03.2021 being the date of voluntary winding up is as under:

Liabilities	Rs.	Assets	Rs.
Share Capital:		Land & Building	3,86,000
12% Cumulative pref. shares: 10,000 shares of Rs. 100 each	10,00,000		
5,000 equity shares of Rs. 100 each Rs. 60 per shares called & paid up	3,00,000	Plant & Machinery	8,21,000
5,000 equity shares of Rs. 100 each, Rs. 50 per shares called & paid up	2,50,000	Stock in trade	1,84,000
15% debentures	4,00,000	Book debts	13,37,000
Preference creditors	1,05,000	Profit & Loss A/c	3,72,000
Bank overdraft	3,03,000		
Trade creditors	7,42,000		
	31,00,000		31,00,000

Additional information:

- Preference dividend is in arrear for two years
- By 31.03.2022 the assets were realised as follows:

Land & Building Rs. 9,84,000; Stock in trade Rs. 1,63,000;
Plant & Machinery Rs. 7,12,000; book debts Rs. 11,91,000.

- c. Expenses of liquidation is Rs. 54,000
d. The remuneration of the liquidator is 3% of the realization. Income tax payable on liquidation is Rs. 44,500. Assuming that the final payments are made on 31.3.2022.
Prepare the liquidator's final statement of account.

19. From the following is the Trial Balance of Goodwill Bank Ltd. as on 31.12.2021.

Particulars	Dr. (Rs. in '000)	Cr. (Rs. in '000)
Share capital: 10,000 equity shares of Rs. 100 each Rs.50 paid up		500
Reserve fund		300
Fixed deposit accounts		800
Current A/c		8,500
Savings A/c		2,500
Profit & Loss A/c (1.1.2021)		200
Borrowing from other banks		700
Interest and discounts		750
Bills payable		1,000
Unclaimed dividends		30
Sundry creditors		30
Money at call	300	
Investment (at cost)	3,500	
Interest accrued and paid	200	
Salaries (Including general Manager's Rs. 20,000)	100	
Rent and taxes	20	
Other expenditure (Including audit fees Rs. 2,000)	10	
Dividend (2020)	50	
Premises	1,200	
Cash in hand	50	
Cash with RBI	1,400	
Cash with other banks	1,100	
Bills discounted	600	
Loans and advances	6,780	
	15,310	15,310

Additional information:

- a. Provide for taxation Rs. 80,000; Doubtful debts Rs. 30,000 & 5% depreciation on premises.
b. Bills for collection were Rs. 15,000 and liability for acceptance and endorsements for customers Rs. 2,50,000
c. Rebate on bills discounted for unexpired period Rs. 10,000
You are required to prepare Profit & Loss A/c for the year ended 31.12.2021 and balance sheet as on that date in accordance with the provisions of banking companies act.

20. From the following trial balance of the General Insurance Co. Ltd. as at March 31, 2022. Prepare the Final Accounts of the company for 2021-22.

Debit balances	Rs. (in '000)	Credit balances	Rs. (in '000)
<u>Claims paid less reinsurance:</u>		Shares transfer fee	200
Fire	2,00,000	Compensation form LIC (transferred to P & L A/c)	2,00,000
Marine	75,000	General Reserve	50,000
Miscellaneous	1,50,000	Share capital (Equity Rs. 10 each)	3,00,000
<u>Commission paid:</u>		<u>Balance of funds as on 1.4.2021</u>	

Fire	45,000	Fire	2,50,000
Marine	30,000	Marine	50,000
Miscellaneous	37,000	Miscellaneous	1,00,000
Management expenses		Unclaimed dividend	5,000
Fire	24,000	Amount due to other insurers	1,75,000
Marine	30,000	Sundry creditors	25,000
Miscellaneous	22,000	Profit & loss A/c (1.4.2021)	30,000
Interest accrued but not due	5,000	Interest & dividends	20,000
Amount due from other insurers	85,000	Investment reserve	50,000
Furniture (cost Rs. 8,000)	7,000	Outstanding claims as on 1.4.2021:	
Building (cost Rs. 1,50,000)	1,40,000	Fire	10,000
Can in hand	2,58,200	Marine	30,000
Investment at cost	10,00,000	Miscellaneous	20,000
		Commission on reinsurance ceded:	
		Fire	15,000
		Marine	18,000
		Miscellaneous	10,000
		Premium less reinsurance:	
		Fire	2,00,000
		Marine	3,00,000
		Miscellaneous	2,50,000
	21,08,200		21,08,200

Additional Information:

- Outstanding claims as on 31.3.2022 (less reinsurance)
 - Fire -- Rs. 4,00,00,000
 - Marine -- Rs. 2,00,00,000
 - Miscellaneous -- Rs. 2,50,00,000
- Market value of investments on 31.3.2022 Rs. 89,00,00,000
- Depreciation on furniture at 10% and building at 2% to be charged to Profit & Loss A/c.
- Transferred to General Reserve Rs. 20,00,00,000
- Reserve for unexpired risks to be provided at 50% of the premium income.

21. The Balance Sheets of H Ltd. and S Ltd. as on 31st December 2021 were as follows:

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Share capital:			Land & Buildings	3,10,000	1,60,000
10% pref. shares of Rs.100 each	--	1,00,000	Machinery less 10% depreciation	2,70,000	1,35,000
Equity shares of Rs. 100 each	10,00,000	4,00,000	3,000 shares in S Ltd.	4,50,000	--
General reserve	1,00,000	50,000	Stock at cost	2,20,000	1,50,000
Profit & Loss A/c (1.1.2021)	40,000	30,000	Debtors	1,55,000	90,000
Profit for 2021	2,00,000	80,000	Cash and bank	85,000	1,95,000
Creditors	1,50,000	70,000		14,90,000	7,30,000
	14,90,000	7,30,000			

H Ltd. acquired 3,000 equity shares in S Ltd. on 1st July 2021. As on the date of acquisition, H Ltd. found that the value of Land and Buildings and Machinery of S Ltd. should be Rs.1,50,000 and Rs. 1,92,500 respectively.

Prepare the consolidated Balance Sheet of H Ltd. and its subsidiary S Ltd. showing the assets at their proper value.

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