

B.Com(A&F) DEGREE EXAMINATION, APRIL 2019
II Year IV Semester
Advanced Corporate Accounting

Time : 3 Hours

Max.marks :75

Section A (10 × 2 = 20) Marks

Answer any **TEN** questions

1. Explain Amalgamation.
2. Define holding company.
3. What is statutory reserve?
4. What is whole life policy?
5. Who are preferential creditors?
6. Raman Ltd agrees to purchase the business of Krishnan Ltd on the following terms: For each of the 10,000 shares of Rs.10 each in Krishnan Ltd 2 shares in Raman Ltd of Rs.10 each will be issued at an agreed value of Rs.12 per share. Calculate purchase consideration.
7. P Ltd acquired 65% share of Q Ltd on 1-10-02. P&L a/c in the books of Q Ltd showed a debit balance of Rs.40,000 on 1-4-02. On 31-3-03 the balance sheet of Q Ltd showed P&L a/c balance of Rs.1,20,000. Calculate capital profit and revenue profit.
8. On 1-7-01 X Ltd acquired 60% shares of Y Ltd (with a total capital of Rs.5,00,000 of Rs 10 each). Find out the minority ratio.
9. From the following particulars relating to the Punjab bank Ltd ascertain the profit balance carried over to the balance sheet.

	Rs.
Net profit for the year	1,28,000
Profit brought forward from the Previous Year	1,20,000
Transfer to statutory reserve	25%
Transfer to other reserve	10%
Transfer to proposed dividend	20,000

10. On 31.12.96 popular bank Ltd. has the following bills in its portfolio. All the bills are discounted at 5%

Amount in Rs.	Due Date
50,000	31.1.1997
40,000	30.4.1997
30,000	03.3.1997

Calculate rebate on bills discounted, assuming accounts are closed on 31st December

11. From the following particulars, calculate the premiums earned (Net) to be derived in schedule 1 of a life insurance company:

	Rs.
Premiums less reinsurance	1,61,500
Accrued Premium	5000
Bonus in reduction of premium	5000

12. Calculate liquidator's remuneration from the following particulars: Asset realised: Rs. 6,30,000 including cash balance Rs.30,000 liquidator's remuneration: 2% on the asset realised.

Section B ($5 \times 5 = 25$) MarksAnswer any **FIVE** questions

13. State the Objective of amalgamation
14. Explain minority interest, Costs of Control, mutual obligation
15. Compute the purchase consideration to be paid by A Ltd., if it takes over B Ltd., on the following terms:
- The shareholders of B Ltd., are to be paid Rs.25 in cash and 4 shares of Rs.10 each in A Ltd., for every share of B Ltd. B Ltd., has 50,000 equity shares outstanding.
 - Cost of liquidation Rs.25,000 are to be borne by A Ltd.
16. Y Ltd purchased 75% of the shares in Z Ltd on 1-1-97. The following balance sheet of the two companies on 31-12-97 are made available and you are requested to prepare a consolidated balance sheet.

Liabilities	Y(Rs)	Z(Rs)	Assets	Y(Rs)	Z(Rs)
Share capital(Rs. 10 each)	2,00,000	3,00,000	Fixed assets	2,00,000	250000
Reserve	3,00,000	-	Current assets	1,80,000	170000
P&L a/c	1,00,000	80,000	22500 shares In Z Ltd	3,00,000	-
Current liabilities	80,000	40,000			
	6,80,000	4,20,000		6,80,000	420000

- The P&L a/c of Z Ltd on 1-1-97 balance Rs.20,000
 - Y Ltd charged Z Ltd 1,000 per month for services rendered.
 - Current assets of Z Ltd include Rs.10,000 loan receivable from Y Ltd.
17. While closing its books of accounts, a commercial bank has its advances classified as follows.

Particulars	Rs in Lakhs
Standard assets	16,000
Sub- standard assets	1300
Doubtful assets: Up to one year	700
One to three years	400
More than three years	200
Loss assets	500

You are required to calculate the amount of provision to be made by the bank assuming that all the doubtful assets are secured.

18. A life assurance company prepared its Revenue a/c for the year ended 31-3-06 and ascertained its life assurance fund to be Rs. 28,35,000. It was found later that the following had been omitted from the accounts:
- Interest accrued on investment Rs. 39,000: Income Tax liable to be deducted thereon is estimated to be Rs. 10,500
 - Outstanding Premium Rs. 32,800
 - Bonus utilized for reduction of premium Rs. 6750
 - Claim intimated but not admitted Rs. 17,400
 - Claims Covered under reinsurance Rs. 6,500 What is the True Life Assurance Fund?

19. The following particulars relate to a limited company when it went into Voluntary liquidation:

	Rs.
Preferential Creditors	25,000
Unsecured Creditors	58,000
6% Debentures	30,000

The assets realised Rs. 80,000. The expenses of liquidation amounted to Rs. 1,500 and the liquidator's remuneration was agreed at 2.5% on the amount realised and 2% on the amount paid to unsecured creditors including preferential creditors.

Show the liquidator's final statement of account.

Section C ($2 \times 15 = 30$) Marks

Answer any **TWO** questions

20. From the following balance sheet relating to H Ltd and S Ltd prepare a Consolidated balance sheet.

Balance Sheet as on 31.12.1992

Liabilities	H Ltd	S Ltd	Assets	H Ltd	S Ltd
Share Capital (Share of Rs. 10 each)	1000000	200000	Sundry Fixed asset	800000	120000
P&L a/c	400000	120000	Stock	610000	240000
Reserves	100000	60000	Debtors	130000	170000
Creditors	200000	120000	Bills receivables	10000	
Bills Payable	—	30000	Shares in S Ltd at Cost(15,000 shares)	150000	
	1700000	530000		1700000	530000

- 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.
 - All the bills payable of S Ltd were accepted in favour of H Ltd.
 - The stock of H Ltd includes Rs 50,000 purchased from S Ltd. The profit added was 25% on Cost.
21. The following are the balances of Cholan Bank Ltd. for the year ended 31.3.1992

Particulars	(Rs.in 000)
Interest in Loans	518
Interest on fixed deposits	550
Commission received	16
Salaries and allowances	108
Discount on bills discounted	292
Rebate on bills discounted	98
Interest on cash credit	446
Interest on Current accounts	84
Rent and Taxes	36
Interest on Overdrafts	308
Director's Fees	6
Auditor's Fees	2

Interest on Saving Bank deposits	136
Postage and Telegram	3
Printing and Stationary	6
Locker Rent	2
Transfer Fees	1
Depreciation on bank properties	10
Sundry Chargers	4

Other information:

i) Provision for bad debts to be made Rs. 80000

ii) Provision for income tax required Rs. 300000

From the above information, Prepare the profit and Loss a/c of the bank for the year ended 31.3.1992

22. From the following particulars prepare the fire revenue account for 2005-06:

	(Rs. In 000)
Claim Paid	235
Legal expenses regarding claims	5
Premium received	600
Reinsurance Premium	60
Commission	100
Expenses of Management	150
Provision against Unexpired risk on 1.4.2005	260
Claims unpaid on 1.4.2005	20
Claims unpaid on 31.3.2006	35

23. The following particulars are related to a company which has gone into liquidation. You are required to prepare liquidator's final statement of account allowing for his remuneration at 2% on the amounts realised on assets and 2% on the amounts distributed to unsecured Creditors other than preferential Creditors.

	Rs.
Unsecured Creditors	224000
Preferential Creditors	70000
Debentures	75000

The asset realised the following amounts:

	Rs.
Cash in hand	20000
Land & Building	130000
Plant & Machinery	110500
Furniture & fitting	7500

The liquidation expenses amounted to Rs.2000

A call of Rs 2 per share on the partly paid 10000 equity shares were made and duly paid except in case of one shareholder owning 500 shares.