

**B.Com(BIM) DEGREE EXAMINATION, APRIL 2020**  
**II Year IV Semester**  
**Advanced Corporate Accounting**

**Time : 3 Hours**

**Max.marks :75**

**Section A** ( $10 \times 2 = 20$ ) Marks

Answer any **TEN** questions

1. What do you mean by capital reduction?
2. Write a note on 'Minority Interest'.
3. What is 'Statutory Reserve'?
4. What is 'rebate on bills discounted'?
5. What is meant by 'Reinsurance'?
6. A share of Rs. 10 on which Rs. 6 has been paid up is being reduced to a share of Rs. 10, Rs. 4 paid up. Give Journal entry
7. The payment of Rs. 20 share in cash and the exchange of two fully paid Rs. 10 shares in purchasing company for every share of Rs. 25 in selling company. The share capital of the selling company consists of 20,000 shares of Rs. 25 each fully paid. Calculate the purchase consideration.
8. Vivek Ltd. having 3,000 shares of Rs.100 each resolves to sub-divided the shares into 30,000 shares of Rs.10 each. Pass journal entries
9. S Ltd was taken over by R Ltd. The following position was agreed up

	S Ltd Rs.	R Ltd Rs.
No of shares	60,000	90,000
Price per share	100	10
Net Assets	3,60,00,000	72,00,000

Ascertain intrinsic value per share

10. On 1st October 1987, S bank discounted bill of Rs.20,000 @12% per annum and bill has on that date exactly 4 months to run considering the grace days also. Accounts are closed on 31st December. Find the rebate on bills discounted
11. Compute the commission expenses with the following details
 

Commission on direct business	Rs.93,000
Commission on reinsurance accepted	Rs.40,000
Commission on reinsurance ceded	Rs.50,000
12. H Ltd purchased 75% shares in S Ltd on 1.7.01. Profit earned during 2001 Rs.60,000. Calculate the capital profit and revenue profit if the books are closed on 31st December every year.

**Section B** ( $5 \times 5 = 25$ ) Marks

Answer any **FIVE** questions

13. Explain any two methods in purchase consideration.
14. Differentiate Internal Reconstruction and External Reconstruction

15. H Ltd. purchased 16,000 out of 20,000 shares of Rs.10 each in S Ltd. for Rs.2,80,000. On the date of purchase of shares, S Ltd. had reserve of Rs.60,000. Rs.80,000 has been earned by S Ltd., after the purchase of shares. S Ltd. decided to issue bonus shares out of revenue profit in the ratio of 2 shares for every 5 shares held. Calculate the cost of control after the issue of bonus shares.
16. ABC Ltd. passed resolution and got court permission for the reduction of its share capital by Rs. 5,00,000 for the purposes mentioned as under:
- To write off the debit balances of P& L A/c of Rs.2,10,000
  - To reduce the value of Plant & Machinery by Rs.90,000 and goodwill by Rs.40,000
  - To reduce the value of investments by Rs.80,000

The reduction was made by converting 50,000 preference shares of Rs.20 each fully paid to the same number of preference shares of Rs.15 each fully paid and by converting 50,000 equity shares of Rs.20 each on which Rs.15 is paid up into 50,000 equity shares of Rs.10 each fully paid. Pass journal entries to record the share capital reduction

17. Lal Ltd. agreed to absorb the business of Mal Ltd. The purchase consideration was as under:
- For every 4, 10% preference shares of Rs. 10 each in Mal Ltd. 7 Equity shares of Rs. 10 each in Lal Ltd. as Rs.8 paid up. There were 60,000 10% preference shares in Mal Ltd.
  - For every 3 equity shares of Rs. 10 each in Mal Ltd. 8 equity shares in Lal Ltd. as Rs. 10 paid up. There were 90,000 equity shares in Mal Ltd. Find out purchase consideration.
18. As on 31st December 1985, the books of the Hero Bank, include among others, the following balances:
- Rebate on bills discounted (1.1.1985) – Rs.3,20,000;  
 Discount received – Rs.46,00,000 and  
 Bills discounted and purchased – Rs.3,15,47,000.

Throughout 1985, the bank's rate for discounting has been 18%.

On investigation and analysis, the average due date for the bills and purchased is calculated as 14th February, 1986. Show the calculation of the amount to be credited to the banks Profit and Loss A/c under discount earned for the year 1985. Show also the journal entries required to adjust the above mentioned accounts

19. From the following, you are required to calculate the amount on account of claims to be shown in the Revenue Account for the year ending 31.3.2006:

Intimated in	Admitted in	Paid in	Rs.
2004-05	2004-05	2005-06	45,000
2005-06	2005-06	2006-07	30,000
2003-04	2004-05	2004-05	15,000
2003-04	2004-05	2005-06	36,000
2005-06	2006-07	2006-07	24,000
2005-06	2005-06	2005-06	3,06,000

### Section C (2 × 15 = 30) Marks

Answer any **TWO** questions

20. On 31st March, 1996 the balance sheets of H Ltd. and its subsidiary S Ltd. stood as follows:

Liabilities	H Ltd. (Rs.)	S Ltd. (Rs.)	Assets	H Ltd. (Rs.)	S Ltd. (Rs.)
Equity share capital	800	200	Fixed Assets	550	100
General Reserve	150	70	75% shares in S Ltd.(at cost)	280	-
Profit & Loss A/c	90	55	Stock	105	177
Creditors	120	80	Other current assets	225	128
	1160	405		1160	405

Draw a consolidated Balance sheet as at 31st March, 1996 after taking into consideration the following information:

(i) H Ltd. acquired the shares on 31st July, 1995.

(ii) S Ltd. earned profit of Rs.45,000 for the year ended 31st March, 1996.

(iii) In January 1996, S Ltd. sold to H Ltd. goods costing Rs.15,000 for Rs.20,000. On 31st March, 1996 half of these goods were lying as unsold in the godown of Ltd.

21. On 31st December 1986, the following balances stood in the books of Poonguzhali Bank Ltd., after preparation of its profit and loss account:

(Rs. In '000s)

Particulars	Rs.	Particulars	Rs.
Share capital: Issued 80,000 shares of Rs. 100 each, Rs. 50 paid	4,000	Rebate on bills discounted	50
Reserve Fund	6,200	Fixed deposits	42,600
Cash with other banks	6,000	Bills discounted and purchased	3,800
Savings bank deposits	19,000	Loans, cash credits and over drafts	51,000
Current accounts	23,200	Bills payable	70
Money at call and short notice	1,800	Unclaimed dividend	60
Investments	25,000	Cash with RBI	10,000
Profit and Loss account (Cr.) 1st Jan 1986	1,350	Short loans (Borrowing from other banks)	4,750
Dividend for 1985	400	Furniture	1,164
Premises	2,950	Other assets	336
Cash in hand	380	Net profit for 1986	1,550

Prepare balance sheet of the bank as on 31st December 1986.

22. The following balances are abstracted from the books of New Bharat Life Insurance Co. Ltd., as on 31.3.2006.

Particulars	Rs.	Particulars	Rs.
Life Assurance Fund (1.4.2005)	15,00,000	Claims paid during the year	64,900
Premiums	4,96,000	Annuities	2,050
Consideration for annuities granted	15,000	Bonus in reduction of premiums	1,600
Interest & Dividends	1,00,000	Medical fees	2,400
Fines for revival of policies	750	Surrenders	4,000
Reinsurance premium	20,750	Commission	18,650
Claims outstanding (1.4.2005)	4,500	Management expenses	22,000
		Income tax on dividends	8,500

Prepare Revenue A/c after making the following adjustments:

(i) Outstanding balances:

Claims – Rs.14,000; Premiums – Rs.4,600

(ii) Further bonus for premium – Rs.2,400

(iii) Claim under reinsurance – Rs.8,000.

23. Lala company Ltd. decided to reconstruct and went into liquidation with the following assets and liabilities.

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Pref. share capital of Rs.10 each	2,00,000	Fixed assets	4,99,200
Equity share capital Rs.10 each	8,00,000	Stock	73,500
General reserve	12,100	Debtors	1,31,000
Bank Loan	18,600	Cash	400
Creditors	86,100	Profit and loss a/c	4,12,700
	<b>11,16,800</b>		<b>11,16,800</b>

A new company called Bala co. Ltd was formed to acquired the fixed assets and stock of Lala co. Ltd. at Rs. 3,40,000 and Rs. 60,000 respectively. The purchase price is to be paid by issue of 10% preference shares and equity shares of Rs. 10 each for equal amounts. Debtors realized Rs. 1,22,750 and the creditors were paid Rs.81,340 in full satisfaction. Bank loan was paid in full. The expenses of liquidation came to Rs. 10,710. Close the books of Lala co. Ltd. and give the balance sheet of Bala co. Ltd.