

**SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN**  
**(AUTONOMOUS)**  
**(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)**  
**Chromepet, Chennai — 600 044.**  
**B.Com.(A&F) END SEMESTER EXAMINATIONS APRIL-2022**  
**SEMESTER - IV**  
**20UAFCT4009 - Advanced Corporate Accounting**

**Total Duration : 3 Hrs.**

**Total Marks : 60**

**Section A**

Answer any **SIX** questions ( $6 \times 5 = 30$  Marks)

1. The following particulars relate to a limited company which went into voluntary liquidation:

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

The assets realised Rs.80,000. The expenses of liquidation amounted to Rs.1,500 and liquidator's remuneration was agreed at  $2\frac{1}{2}\%$  on the amount realised and 2% on the amount paid to unsecured creditors including preferential creditors. Show the liquidator's final statement of account.

2. Explain in detail the legal provisions relating to the final accounts of a Banking company.
3. The following information is given to you regarding X Ltd., for the financial year ended 31.3.1997.

Particulars	1.4.96	31.3.97
	(Rs.)	(Rs.)
Monetary Assets	80,000	80,000
Monetary Liabilities	1,00,000	1,00,000
Retail Price Index	200	300

Ascertain gain or losses on monetary items.

4. On 31<sup>st</sup> March, 1998 a bank held the following bills, discounted by it earlier:

Date of Bill	Term of Bill (Months)	Discounted @ % p.a.	Amount of Bill
January, 17	4	17%	7,30,000
February, 7	3	18%	14,60,000
March, 9	3	17.50%	3,64,000

You are required to calculate the rebate on bills discounted. Also Show the necessary journal entry for the above.

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5. The Balance Sheet of C Ltd and D Ltd as at 31<sup>st</sup> December 2021 are as follows:

Liabilities	C Ltd	D Ltd	Assets	C Ltd	D Ltd
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 & Loss A/c	24,500	23,000	Shares in D Ltd. at cost	1,40,000	-
Creditors	30,000	15,250			
	<b>2,72,500</b>	<b>1,58,200</b>		<b>2,72,500</b>	<b>1,58,200</b>

In the case of D Ltd profit for the year ended 31<sup>st</sup> December 2021 is Rs.12,000 and transfer to reserve is Rs.5,000. The holding of C Ltd. in D Ltd is 90% acquired on 30<sup>th</sup> June 2021. Draft a consolidated Balance Sheet of C Ltd. and its subsidiary.

6. Define the term Purchase consideration and also explain various methods of Calculating Purchase Consideration.
7. Ram Ltd., and Shyam Ltd., have agreed to amalgamate. A new company Rajesh Ltd., has been formed to take over the combined concern as on 31<sup>st</sup> December 2021. After negotiations, the assets of the two companies have been agreed upon as shown below:

Liabilities	Ram Ltd	Shyam Ltd	Assets	Ram Ltd	Shyam Ltd
Share Capital: Shares of Rs.10 each	10,00,000	5,00,000	Land & Buildings	5,00,000	3,00,000
Reserve Fund	-	50,000	Plant & Machinery	2,00,000	2,50,000
P & L A/c	50,000	50,000	Goodwill	-	50,000
Creditors	80,000	50,000	Furniture	1,10,000	-
			Stock	1,50,000	20,000
			Debtors	1,20,000	20,000
			Bank	50,000	10,000
	<b>11,30,000</b>	<b>6,50,000</b>		<b>11,30,000</b>	<b>6,50,000</b>

Prepare the balance sheet of Rajesh Ltd., assuming

- The entire purchase price is paid off in the form of equity shares of Rs.100 each in Rajesh Ltd.
  - The amalgamation in the nature of merger.
8. 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. for every 3 equity shares of Rs.10 each in Mal Ltd. 8 equity shares in Lal Ltd., to Rs.10 paid up. There were 90,000 equity shares in Mal Ltd. Find out Purchase consideration.

## Section B

Answer any **THREE** questions (3 × 10 = 30 Marks)

9. The following are the balance sheet of the Sun Ltd and Moon Ltd as on 31<sup>st</sup> December 2021.

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<b>Liabilities</b>	<b>Sun Ltd</b>	<b>Moon Ltd</b>	<b>Assets</b>	<b>Sun Ltd</b>	<b>Moon Ltd</b>
Share Capital: Shares of Rs.10 each	2,00,000	50,000	Fixed Assets	1,95,000	70,000
General Reserve	50,000	20,000	Investments shares in Moon Ltd	60,000	-
P& L balance on 1.1.2021	30,000	7,500	Debtors	35,000	25,000
Profit for the year 2021	50,000	20,000	Other current assets	60,000	12,500
Creditors	20,000	10,000			
	<b>3,50,000</b>	<b>1,07,500</b>		<b>3,50,000</b>	<b>1,07,500</b>

- Sun Ltd purchased on July 1, 2021 4,000 shares in Moon Ltd at Rs.15 each.
- Stock in Moon Ltd., includes Rs.7,500 worth of goods purchased from Sun Ltd., which company sells goods at 25% above cost.
- Creditors of Moon Ltd include Rs.5,000 due to Sun Ltd.

Prepare a consolidated Balance Sheet as on December 31, 2021.

10. The following is the balance sheet of Suma Ltd., which is absorbed by Kusum Ltd;

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Equity Share Capital Rs.10 each	6,00,000	Machinery	3,40,000
Pre. Share Capital Rs.100 each	2,00,000	Buildings	1,60,000
Current Liabilities	1,00,000	Stock	4,00,000
10% Debentures	3,00,000	Debtors	2,00,000
		P & L A/c	1,00,000
	<b>12,00,000</b>		<b>12,00,000</b>

Kusum Ltd., takes over Suma Ltd., on the following terms:

- Take the fixed assets at 10% depreciation, stock at Rs.3,00,000 and debtors after a provision of 25%.
- Debentures are to be settled by issuing them 9% debentures in Kusum Ltd., Current Liabilities will be taken over at book values.
- The consideration will be discharged by issue of 10,000 equity shares of Rs.10 each in Kusum Ltd., at an agreed value of Rs.15 per share and the balance in cash.
- Expenses of liquidation of Rs.20,000 will be reimbursed by Kusum Ltd.

You are required to give (a) Journal entries to close the books of Suma Ltd. (b) Journal entries to record the acquisition assuming it is in the nature of purchase.

11. From the following trial balance of National Insurance Co Ltd as on March 31, 2021, Prepare final accounts of the company for 2020-2021

Particulars	Dr (Rs.'000)	Cr (Rs.'000)
Cash at Bank	51,500	
Capital	-	1,50,000
Government Securities	5,25,000	-
Claims Paid: Marine	1,00,000	-
Fire	80,000	-
Commission : Marine	55,000	-
Fire	60,000	
Provision for unexpired risk (1.4.2020)	-	3,00,000
Marine		
Fire	-	1,25,000
Additional Reserve (Fire)	-	50,000
Expenses: Marine	1,05,000	-
Fire	1,02,500	-
Claims outstanding on 1.4.2020	-	15,000
Marine		
Fire		12,500
General Expenses	75,000	-
Premium Outstanding: Marine	10,000	
Fire	7,500	
Due to Other Insurance companies	-	17,500
Interest on Securities	-	32,500
General Reserve	-	25,000
Profit & Loss A/s	-	9,000
Premiums received: Marine	-	3,75,000
Fire	-	3,50,000
Dividend paid	15,000	-
Premises	2,50,000	-
Furniture	25,000	-
	<b>14,61,500</b>	<b>14,61,500</b>

12. T Ltd was placed in Voluntary liquidation on 31.12.2021 when its Balance Sheet was as follows:

Liabilities	Rs.	Assets	Rs.
Issued share Capital:	5,00,000	Freehold factory	5,80,000
50,000 equity shares of			
Rs.10 each fully paid			
Less: Calls in arrear	-25,000	Plant and Machinery	2,89,000
6,000 5% cumulative preference	6,00,000	Motor Vehicles	57,500
shares of Rs.100 each fully paid			
Share premium A/c	50,000	Stock	1,86,000
5% debentures	1,00,000	Debtors	74,000
Interest on Debentures	2,500	Profit & Loss A/c	2,14,000
Bank Overdraft	58,000		
Creditors	1,15,000		
	<b>14,00,500</b>		<b>14,00,500</b>

The preference dividends are in arrears from 2018 onwards. The company's articles provide that on liquidation, out of the surplus assets remaining after payment of liquidation costs and outside liabilities, there shall be paid firstly all arrears of preference dividend, secondly the amount paid up on the preference together with a premium thereon of Rs.10 per share, and thirdly the balance remaining shall be paid to the equity shareholders. The bank Overdraft was guaranteed by

the directors who were called upon by the bank to discharge their liability under the guarantee. The directors paid the amount to the bank.

The liquidator realised the assets as follows:

Freehold factory Rs.7,00,000; Plant and Machinery Rs.2,40,000; Motor Vehicles Rs.59,000; Stock Rs.1,50,000; Debtors Rs.60,000; Calls in Arrears Rs.25,000 Creditors were paid less discount of 5%. The debentures and accrued interest were repaid on 31.3.2022. Liquidation expenses were Rs.3,820 and liquidator's remuneration was 2% on the amounts realised. Prepare the liquidator's statement of account.

13. The following is the Trial Balance extracted from the books of Town Bank Ltd;

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Balance with Banks	46,350	Share Capital	3,00,000
Investment in Government Bonds	1,94,370	Security Deposits of Employees	15,000
Other Investments	1,55,630	SB Accounts	7,420
Interest accrued on Investments	15,130	Current Accounts	97,000
Silver	2,000	Fixed Deposits	1,13,050
Constituent's Liability for acceptances	56,500	Reserve Fund	1,40,000
Building	65,000	Borrowings from Banks	77,230
Furniture	5,000	Profit and Loss A/c	6,500
Money at Call	26,000	Bills for collection	43,500
Loans	2,00,000	Acceptances and endorsements	56,500
Bills Discounted	12,500	Interest	72,000
Interest	12,500	Commission	25,300
Bills for collection	43,500	Discounts	42,000
Audit fees	5,000	Rent	600
Loss on Sale of furniture	1,000	Profit on Bullion	1,200
Director's fees	1,200	Miscellaneous Income	2,700
Salaries	21,200	Accumulated Depreciation on Buildings	20,000
Postage	50		
Managing Director's Remuneration	12,000		
Loss on Sale of investments	30,000		
Cash in Hand	25,000		
Cash with RBI	50,000		
Branch Adjustment A/c	20,000		
	<b>10,20,000</b>		<b>10,20,000</b>

You are required to prepare profit and loss account and Balance Sheet after taking into consideration the following:

- 1) Bad debts Rs.500.
- 2) Rebate on Bills Rs.1,000.
- 3) Current year's depreciation on Building Rs.2,000.
- 4) Some current accounts are over drawn to the extent of Rs.25,000 and total credit balances is Rs.1,22,000.