

**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.(BIM) END SEMESTER EXAMINATIONS APRIL-2022
SEMESTER - IV
18UBBCT4009 - Advanced Corporate Accounting**

Total Duration : 3 Hrs.

Total Marks : 60

Section A

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

1. The following is the balance sheet of Lucky Ltd. as 31st December 1995.

Liabilities	Rs.	Assets	Rs.
Paid up Capital; 2,00,000 equity shares of Rs.10 each	20,00,000	Goodwill	5,00,000
Creditors	15,00,000	Plant and Machinery	17,00,000
Cash	10,000	Stock	8,00,000
		Debtors	3,00,000
		Profit and loss a/c	1,90,000
	35,00,000		35,00,000

The following scheme of reconstruction was approved by the court.

- (a) To reduce the paid up capital by Rs.5 per share.
- (b) To write off goodwill and debit balance in profit and loss account.
- (c) To write down the plant and machinery by Rs.3,10,000.

Give journal entries to implement the scheme. Prepare capital reduction account and the balance sheet after the implementation of reconstruction scheme.

2. Raman Ltd agrees to Purchase the business of Krishna Ltd, on the following terms.
- I. For each of the 10,000 shares of Rs.10 each in Krishna Ltd. 2 shares in Raman Ltd of Rs.10 each will be issued at an agreed value of Rs.12 per share. In addition Rs.4 per share cash also will be paid.
 - II. 8% Debentures worth Rs.80,000 will be issued to settle the Rs.60,000, 9% debentures in Krishna Ltd.
 - III. Rs.10,000 will be paid towards expenses of winding up.

Calculate the purchase consideration.

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3. Prepare a consolidated Balance Sheet from the following Balance Sheet:

Liabilities	H Ltd. (Rs.)	S. Ltd. (Rs.)	Assets	H Ltd. (Rs.)	S. Ltd. (Rs.)
Capital: Rs.1 shares	1,400	1,000	Sundry assets	885	1,510
Creditors	350	190	Shares in 'S' Ltd. 900 shares at cost	1,125	-
P & L A/c	260	320			
	2,010	1,510		2,010	1,510

On the date of acquisition of shares by H Ltd. in S Ltd., the credit balance on latter's Profit and Loss account was Rs.220. No. dividends have been declared since that date.

4. From the following particulars, Prepare Profit and Loss Account of Vaishnav Bank Ltd, for the year ending 31st December 2015.

Particulars	Rs.
Interest on deposits	32,00,000
Commission (Cr)	1,00,000
Interest on loans	24,90,000
Sundry charges	1,00,000
Rent and taxes	2,00,000
Establishment	5,00,000
Discount on bills discounted	14,90,000
Interest on overdrafts	16,00,000
Interest on cash credits	23,20,000
Auditor's fees	35,000
Director's fees	16,000
Bad debts to be written off	3,00,000

5. The revenue account of a life assurance company shows the life assurance fund on 31.03.2006 at Rs.62,213,10 before taking into account the following:
- Claims covered under reinsurance Rs.12,000.
 - Bonus utilized in reduction of life insurance premium Rs.4,500.
 - Interest accrued on securities Rs.8,260.
 - Outstanding premiums Rs.5,420.
 - Claims intimated but not admitted Rs.26,500.

What is the life assurance fund after taking into account the above omissions?

6. H Ltd Purchased 75% of shares in S Ltd. on 1-7-01. On 31-12-01 the Balance Sheet of S Ltd. Showed Reserve Fund balance on 1-1-01 Rs.40,000, profit earned during 2001 Rs.60,000 and Preliminary expenses unwritten off Rs.20,000. Calculate capital profits and Revenue profits.

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7. Difference between Internal Reconstruction and External Reconstruction.
8. Explain the different kinds of alteration of share capital.

Section B

Answer any **THREE** questions ($3 \times 10 = 30$ Marks)

9. P Ltd. had the following Balance sheet as on 31.12.2020

Liabilities	Rs.	Assets	Rs.
6% Pref, shares of Rs.100 each	2,00,000	Goodwill	60,000
Equity Shares of Rs.100 each	4,00,000	Fixed Assets	3,00,000
Debentures	1,00,000	Stock	1,50,000
Sundry creditors	1,50,000	Debtors	60,000
		Discount on debentures	10,000
		Bank	1,000
		P&L a/c	2,69,000
	8,50,000		8,50,000

The following reconstruction scheme was approved.

- (a) Preference shares be reduced to 8% preference shares of Rs.60 each.
- (b) Equity shares to be reduced by Rs.80 each
- (c) The amount then made available to be utilized to write off fictitious assets including goodwill and Rs.50,000 from fixed assets.

Give journal entries for the reconstruction and the final balance sheet.

10. What is purchase consideration? Explain various methods of its calculation.
11. From the Balance sheet and information given below, Prepare consolidated Balance sheet.

Balance Sheet as on 31st March 2002.

Liabilities	M Ltd (Rs.)	N Ltd (Rs.)	Assets	M Ltd (Rs.)	N Ltd (Rs.)
Shares of Rs.10 each fully paid	5,00,000	1,00,000	Fixed Assets	4,00,000	60,000
Profit & Loss	2,00,000	60,000	Stock	3,00,000	1,20,000
Reserves	60,000	30,000	Debtors	75,000	85,000
Bills Payable	-	15,000	Bills Receivable	20,000	-
Creditors	1,10,000	60,000	Shares in N Ltd 7500 at cost	75,000	
	8,70,000	2,65,000		8,70,000	2,65,000

Additional Information:

- (a) The bills accepted by N Ltd are all in favour of M Ltd.
- (b) The stock of M Ltd includes Rs.25,000 bought from N Ltd at a profit to latter of 20% of sales.
- (c) All the profits of N Ltd has been earned since the shares were acquired by M Ltd there was already the reserve of Rs.30,000 at that date.

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12. From the following balances of Saraswathi Bank Ltd., as on 31st December 2015. Prepare its balance sheet in the prescribed form.

Particulars	(Rs. in '000)
Paid up shares capital (Shares of Rs.100 each fully paid)	2,000
Bills discounted	1,800
Reserve fund	770
Cash credit	2,000
Overdrafts	800
Unclaimed dividends	10
Loans	4,600
Current deposits	3,800
Furniture	40
Profit and Loss A/c (cr)	220
Stamp and stationery	10
Cash in hand	500
Cash with reserve bank	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:

- Rebate on bills discounted Rs.10,000.
- Provide Rs.80,000 for doubtful debts.
- Banks acceptances on behalf of customers were Rs.6,50,000.

13. From the following particulars you are required to prepare Fire Revenue Account for the year ending 31st December 1993.

Particulars	Rs.
Claims paid	4,80,000
Claims outstanding on 1.1.93	40,000
Claims intimated but not accepted on 31/12/93	10,000
Claims intimated and accepted but not paid on 31/12/93	60,000
Premium received	12,00,000
Reinsurance premium	1,20,000
Commission	2,00,000
Commission on re-insurance ceded	10,000
Commission on re – insurance accepted	5,000
Expenses of Management	3,05,000
Provision for unexpired risk on 1/1/93	4,00,000
Additional provision for unexpired risk	20,000
Bonus in reduction of premium	12,000

You are required to provide for additional reserve for unexpired risks at 1% of the net premium in addition to the opening balance.
