

**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.(PA) END SEMESTER EXAMINATIONS APRIL-2022
SEMESTER - IV
19UPACT4009 - Advanced Corporate Accounting**

Total Duration : 3 Hrs.

Total Marks : 60

Section A

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

1. Calculate the purchase consideration of the following terms:
 - (a) Ram & Co Ltd., is absorbed by Krishnan & Co Ltd., the consideration being.
 - (b) Assumption of the liabilities.
 - (c) The discharge of the debentures at a premium of 7.5% by issue of 7.5% debentures in Krishnan & Co Ltd.
 - (d) A cash payment of Rs.100 per share and the exchange of 12 shares of Rs.20 each in the Krishnan & Co Ltd at an agreed value of Rs.25 per share for every share in Ram & Co Ltd.
 - (e) The liquidation expenses of Rs.8,000 to be borne by Ram & Co Ltd.
2. XYZ Ltd. has Rs.60,000 equity shares of Rs.100 each, Rs.80 per share called up. The company decides to pay off Rs.20 per share of the paid up capital and at the same time to reduce the Rs.100 share to Rs.60 share fully paid up by cancelling the unpaid amount. Give journal entries.
3. Mention the types of amalgamation of companies.
4. Discuss the difference between Internal Reconstruction and External Reconstruction.
5. On 31st March, 2002 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 | 8,00,000 | 2,00,000 | Fixed Assets | 5,50,000 | 1,00,000 |
| General Reserve | 1,50,000 | 70,000 | 75% Shares in S Ltd. (at cost) | 2,80,000 | — |
| Profit and Loss A/c | 90,000 | 55,000 | Stock | 1,05,000 | 1,77,000 |
| Creditors | 1,20,000 | 80,000 | | | |
| Other Current Assets | 2,25,000 | 1,28,000 | | | |
| | 11,60,000 | 4,05,000 | | 11,60,000 | 4,05,000 |

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Draw a Consolidated Balance Sheet as at 31st March, 2002 after taking into consideration the following information :

(a) H Ltd. acquired the shares on 31st July, 2001.

(b) S Ltd. earned a profit of Rs.45,000 for the year ended 31st March, 2002

6. From the following particulars, prepare a profit and Loss A/c of Sky bank Ltd., for the year ended 31.12.2021

| Particulars | Rs('000) | Particulars | Rs('000) |
|---------------------------------|----------|------------------------------|----------|
| Interest on loans | 260 | Interest on cash credits | 225 |
| Interest on fixed deposits | 280 | Rent and taxes | 20 |
| Rebate on bills discounted | 50 | Interest on overdraft | 56 |
| Commission charged to customers | 9 | Directors' and Auditors fees | 4 |
| Establishment Expenses | 56 | Interest on savings bank a/c | 70 |
| Interest on current accounts | 45 | Discount on bills discounted | 200 |
| Postage and Telegrams | 2 | Printing and advertisement | 3 |
| Sundry charges | 2 | | |

7. Distinguish between Life Insurance and General Insurance.
8. A liquidator is entitled to receive remuneration @2% of the assets realised and 3% on the amount distributed among the unsecured creditors. The assets realised Rs.70,00,000 against payment was made as follows:

| Particulars | Rs. |
|------------------------|------------|
| Liquidation expenses | 50,000. |
| Preferential creditors | 1,50,000. |
| Secured creditors | 40,00,000. |
| Unsecured creditors | 30,00,000. |

Calculate the total remuneration payable to liquidator.

Section B

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

9. The following is the balance sheet of one of the liquidating company XYZ Ltd.

| Liabilities | Rs. | Assets | Rs. |
|---------------|------------------|-------------------|------------------|
| Share capital | 10,00,000 | Goodwill | 2,00,000 |
| Creditors | 3,00,000 | Land and Building | 5,00,000 |
| Bills payable | 2,00,000 | Plant | 3,00,000 |
| | | Stock | 1,00,000 |
| | | Debtors | 1,50,000 |
| | | Cash at bank | 2,50,000 |
| | 15,00,000 | | 15,00,000 |

The new amalgamated company took over the business of XYZ Ltd. Assets were revalued as under: Goodwill is considered worthless. Land and Building Rs.7,00,000, Plant at Rs.2,00,000 and stock at Rs.75,000. All assets and liabilities are taken over. Calculate the amount of purchase consideration.

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10. On 31.3.2018, the date of liquidation of a company, its balance sheet was as under:

| Liabilities | Rs. | Assets | Rs. |
|--|------------------|---------------|------------------|
| Share capital | | Land and | |
| 7% Preference Share Capital | 3,00,000 | Buildings | 4,00,000 |
| 6,000 Equity Shares of Rs.10 each, Rs.8 paid up | 48,000 | Plant and | |
| | | Machinery | 1,60,000 |
| 3,000 Equity Shares of Rs.10 each, Rs.7 paid up | 21,000 | Stock | 4,00,000 |
| 6% Debentures of Rs.100 each | 12,00,000 | Debtors | 6,40,000 |
| Interest on debentures due | 72,000 | Cash | 51,000 |
| Bills Payable | 2,000 | | |
| Sundry creditors | 8,000 | | |
| | 16,51,000 | | 16,51,000 |

The assets were realized as under:

Land and buildings Rs.3,50,000; Plant and machinery Rs.2,00,000; Debtors Rs.6,00,000; Stock Rs.4,61,000; Liquidation expenses Rs.2,000.

Remuneration of liquidators: 21% on the assets realized including cash and 1% on the amount paid to unsecured creditors. Creditors shown in the balance sheet included Rs.2,000 preferential. Interest on debentures is to be paid upto 31.5.2018; dividend on Preference Shares is in arrears for $1\frac{1}{2}\%$ years. Legal charges amounted to Rs.1,000.

Prepare Liquidator's Final Statement of Account.

11. On 31st March, 2002 the balance sheets of H Ltd. and S stood as follows :

Balance Sheets as on 31st March, 2002

| Liabilities | H Ltd. | S Ltd. | Assets | H Ltd. | S Ltd. |
|---|-----------------|-----------------|-------------------------|-----------------|-----------------|
| | (Rs.) | (Rs.) | | (Rs.) | (Rs.) |
| Share capital : Shares of Rs.10 each fully paid | 5,00,000 | 2,00,000 | Sundry Assets | 5,17,600 | 3,04,000 |
| Reserves | 1,00,000 | 50,000 | Shares in S Ltd. | 1,62,400 | |
| Creditors | 80,000 | 60,000 | Preliminary expenses | | 6,000 |
| | 6,80,000 | 3,10,000 | | 6,80,000 | 3,10,000 |

60% Shares in S. Ltd. acquired on 31st March, 2002 (cost). Prepare a Consolidated balance sheet as at 31st March, 2002.

12. Explain the various Schedules to be prepared by a commercial Bank.

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13. From the following balances of United General Insurance Co.,Ltd., as on 31.3.2022 prepare:

(i) Fire revenue A/c (ii) Marine revenue A/c and (c) Profit & Loss A/c

| Particulars | Rs('000) | Particulars | Rs('000) |
|---|----------|----------------------------|----------|
| Provision for unexpired risk | | Interest, dividends,etc., | 28 |
| On 1.4.2021 : Fire | 500 | Difference in exchange(Cr) | 6 |
| Marine | 1,640 | Miscellaneous receipts | 10 |
| Additional reserve on 1.4.2021 | | | |
| Fire | 100 | Profit on sale of land | 120 |
| Bad debts: | | Premium received | |
| Fire | 10 | Fire | 1200 |
| Marine | 24 | Marine | 2160 |
| Auditors' fees | 2.4 | Expenses of Management | |
| Directors' fees | 10 | Fire | 290 |
| Share transfer fees | 1.6 | Marine | 800 |
| Bad debts recovered | 2.4 | Commission earned on | |
| Claims paid & outstanding: | | reinsurance ceded: | |
| Fire | 380 | Fire | 60 |
| Marine | 760 | Marine | 120 |
| Commission paid : Fire | 180 | | |
| Marine | 216 | | |
| Depreciation | 70 | | |

Provision for unexpired risk is to be kept at 50% of the premiums for fire and at 100% for marine departments. The additional reserve in case of fire insurance is to be increased by 5% of the net premium.
