

**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 NOVEMBER-2022

SEMESTER - IV

20UAFCT4009 - Advanced Corporate Accounting

Total Duration : 2 Hrs 30 Mins.

Total Marks : 60

Section A

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

1. Explain the salient features of Pooling of interest method.
2. Distinguish between life insurance and general insurance.
3. Following is the balance sheet of Dhoni Ltd., as on 31.12.2014.

| Liabilities | Amount | Assets | Amount |
|--|------------------|----------------|------------------|
| Share capital: 8% preference shares of Rs.100 each | 3,75,000 | Fixed assets | 16,25,000 |
| Equity shares of Rs.10 each | 7,50,000 | Investments | 3,00,000 |
| General Reserve | 4,50,000 | Current assets | 2,50,000 |
| 7% Debentures | 3,50,000 | | |
| Current liabilities | 2,50,000 | | |
| Total | 21,75,000 | | 21,75,000 |

Sony Ltd., agreed to takeover the business of Dhoni Ltd.

A) Calculate purchase consideration under Net assets method on the basis of the following:

- i) Sony Ltd., agreed to discharge 7% debentures at a premium of 10% by issuing 9% debentures of Sony Ltd.
- ii) Fixed assets are to be valued at 10% above book value, the investment at par, current assets at 10% discount and current liabilities at book value.

B) Calculate purchase consideration under Net payments method on the basis of the following:

- i) Sony Ltd., agreed to discharge 7% debentures at a premium of 10% by issuing 9% debentures of Sony Ltd.
- ii) Preference shares are discharged at a premium of 10% by issuing 10% preference shares of Rs.100 each in Sony Ltd.
- iii) For every 2 Equity shares in Dhoni Ltd., 3 Equity shares of Rs.10 each in Sony Ltd., will be issued in addition to cash payment of Rs.3 per Equity share in Dhoni Ltd.

4. Calculation of liquidator remuneration. A liquidator is entitled to receive remuneration @ 2% of the total assets realized and 3% on the amount distributed among the unsecured creditors. The assets realized Rs.70,00,000 against which payment was made as follows:

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

Calculate the total remuneration payable to the liquidators.

Contd...

5. Calculate minority interest from the Balance Sheet of Delhi Ltd.,

| Liabilities | Amount | Assets | Amount |
|--|-----------|----------------------------|-----------|
| Share capital: 7,00,000 shares of Rs.2 each | 14,00,000 | Fixed assets | 10,00,000 |
| General Reserve as on 1-1-2007 | 6,00,000 | Plant & Machinery | 7,00,000 |
| Creditors | 3,00,000 | Other Assets | 1,50,000 |
| P&L A/c as on 31-12-2007 | 2,00,000 | Investment (80% of shares) | 6,50,000 |
| | 25,00,000 | | 25,00,000 |

Madras Ltd., acquired 80% of the shares at Rs.6,50,000.

6. A life Assurance fund has been ascertained without adjusting the following. You are required to calculate the Correct Life Assurance Fund.

Rs.

| | | |
|-------|---|-----------|
| i) | Life assurance fund, as ascertained | 56,70,000 |
| ii) | Bonus utilized in reduction of premium | 16,000 |
| iii) | Interest and dividend accrued | 7,500 |
| iv) | Outstanding premium | 2,30,000 |
| v) | Claims covered under reinsurance | 20,000 |
| vi) | Provision for taxation | 800 |
| vii) | Outstanding claims | 1,80,000 |
| viii) | Claims of last year paid during this year | 5,000 |
| ix) | Bonus paid in cash | 14,000 |

7. From the following particulars, prepare a profit and loss account of new bank Ltd for this year ended 31.12.2020

| Particular | Amount | Particular | Amount |
|----------------------------------|----------|------------------------------|----------|
| Interest on loan | 2,60,000 | Discount on bills discounted | 2,00,000 |
| Interest on fixed deposits | 2,80,000 | Interest on current account | 45,000 |
| Rebate on discounted | 50,000 | Printing and advertisement | 3,000 |
| Commission charged to customer | 9,000 | Interest on cash credit | 2,25,000 |
| Establishment expense | 56,000 | Rent and tax | 20,000 |
| Interest on overdraft | 56,000 | Directors and auditors fees | 4,000 |
| Interest on savings bank account | 70,000 | Postages and telegram | 2,000 |
| Sundry expense | 2,000 | | |

8. A real estate company started with a capital of Rs.50,00,000 which was invested in urban land on 1-1-90. On that date the general price index was 100 and specific price index for land was 200. The company had no other transactions and it sold the land on 1-1-95 on which date the general price index was 180 and the specific price index was 420. The sale price of the land was Rs.1,80,00,000.

You are required to ascertain profit under (1) Historical cost (2) CCA method and (3) CPP method.

Section B

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

9. Draft Balance sheet of a Banking Company in prescribed form as per schedule III of Banking Companies Act and give various schedules.

Contd....

SEMESTER - IV
20UAFCT4009 - Advanced Corporate Accounting

10. From the figure stated below prepare a revenue account and valuation balance sheet as on dated 31.03.2006. Showing surplus for policy holder:

| Particular | Amount (Rs,000) | Particular | Amount (Rs,000) |
|--|--------------------|--|--------------------|
| Claims paid | 450 | Sunders | 150 |
| Premium | 3,750 | Net liability on policies In force on 31.3.2006 | 8,425 |
| Interest and dividend | 2,250 | Bonus in reduction of premium | 75 |
| Profit on sale of investment | 12 | Commission | 60 |
| Consideration for annuities granted | 150 | Life assurance fund | 6,000 |
| Annuity | 20 | | |

11. The balance sheet of C Ltd., and D Ltd., as at 31st December, 1986 are as follows:

| Liabilities | C Ltd. | D Ltd. | Assets | C Ltd. | D Ltd. |
|-----------------|-----------------|-----------------|------------------------------|-----------------|-----------------|
| Share capital | 2,00,000 | 1,00,000 | Sundry assets | 1,32,500 | 1,38,200 |
| General reserve | 18,000 | 20,000 | Goodwill | - | 20,000 |
| Profit and loss | 24,500 | 23,000 | Shares in D Ltd., at cost | 1,40,000 | - |
| Creditors | 30,000 | 15,200 | | | |
| Total | 2,72,000 | 1,58,200 | Total | 2,72,000 | 1,58,200 |

In the case of D Ltd., profit for the year ended 31st December 1986 is Rs.12,000 and transfer to reserve is Rs.5,000. The holding of C Ltd., and in D Ltd., is 90% acquired on 30th June 1986. Draft a consolidated balance sheet of C Ltd., and its subsidiary.

12. A Ltd., and B Ltd., were amalgamated on 1st April 2009. A new company G Ltd., was formed to take over the business of the existing companies. The Balance Sheets of A Ltd., and B Ltd., as on 31st March 2009 are given below.

| Liabilities | A Ltd. | B Ltd. | Assets | A Ltd. | B Ltd. |
|---|--------------|--------------|---------------------------------------|--------------|--------------|
| Share capital | | | Fixed Assets | 1,200 | 1,000 |
| Equity shares of Rs.100 each | 1,000 | 800 | Current Assets, Loans and advances | 880 | 565 |
| 15% Pref. Shares of Rs.100 each | 400 | 300 | | | |
| Reserves & surplus: | | | | | |
| Revaluation Reserve | 100 | 80 | | | |
| General Reserve | 200 | 150 | | | |
| P/L A/c | 80 | 60 | | | |
| Secured Loan: | | | | | |
| 12% Debentures of Rs.100 each | 96 | 80 | | | |
| Current Liabilities & Provisions | 204 | 95 | | | |
| | 2,080 | 1,565 | | 2,080 | 1,565 |

Contd...

Other information:

- i) 12% Debentures of A Ltd., and B Ltd., are discharged by G Ltd., by issuing adequate number of 16% Debentures of Rs.100 each to ensure that they continue to receive the same amount of interest.
- ii) Preference shareholders of A Ltd., and B Ltd., have received same number of 15% preference shares of Rs.100 each of G Ltd.,
- iii) G Ltd., has issued 1.5 equity shares for each equity share of A Ltd., and 1 equity share for each equity share of B Ltd. The face value of shares issued by G Ltd., is Rs.100 each. Prepare the Balance sheet of G Ltd., as on 1st April 2009 after the amalgamation has been carried out using the 'Pooling of Interest method'.
13. 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 distributed to unsecured creditors other than preferential creditors.

| | Rs. |
|------------------------|------------|
| Unsecured creditors | 2,24,000 |
| Preferential creditors | 70,000 |
| Debentures | 75,000 |

The assets realized the following amounts:

| | |
|----------------------|----------|
| Cash in hand | 20,000 |
| Land & Buildings | 1,30,000 |
| Plant & Machinery | 1,10,500 |
| Furniture & fittings | 7,500 |

The liquidation expenses amounted to Rs.2,000

A call of Rs.2 per share on the partly paid 10,000 equity shares was made and duly paid except in case of one shareholder owning 500 shares.
