

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-2023

SEMESTER - IV

**21UPACT4009 - Advanced Corporate Accounting**

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

**Section B**

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

1. P Ltd., agrees to takeover S Ltd., on the following terms;
  - a) The shareholders of S Ltd., are to be paid Rs.25 in cash and issued 4 shares of Rs.10 each in P Ltd. For every share of S Ltd., S Ltd., has 50,000 equity shares.
  - b) 5,000 debentures of Rs.100 each of S Ltd., are to be redeemed at a premium of 10%.
  - c) Expenses of liquidation of Rs.25,000 are to be borne by P Ltd.,

Compute the Purchase consideration.

2. Magna Ltd., has 60,000 equity shares of Rs.100 each, Rs.80 per share called up. Now 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 per share to Rs.60 per share fully paid up by cancelling the unpaid amount. Give Journal Entries.
3. The details relating to claims are given below. Calculate the net claim to be shown in Revenue A/c for the year ended 31.3.16.

Particulars	Amount
Claims paid for the year on 31.3.16	9,00,000
Claims intimated but not accepts on 31.3.16	50,000
Claims intimated and accepted bot not paid on 31.3.16	60,000
Medical expenses regarding claims	20,000
Legal expenses regarding claims	30,000
Reinsurance recoveries	40,000

4. Design the form of Statement of Profit or Loss of a company as prescribed in Part II of Schedule III.
5. F Ltd., suffered a series of losses. It resolved to reduced equity shares by Rs.5 each and eliminate the securities premium account. The following is the balance sheet of F Ltd., as on 31.3.2016.

Liabilities	Amount	Assets	Amount
50,000 equity shares of Rs.10 each	5,00,000	Goodwill	50,000
Securities premium	50,000	Land & buildings	1,62,000
Sundry creditors	62,000	Plant & machinery	2,07,000
Bank o/d	73,000	Stock	92,000
		Debtors	74,000
		Profit and loss A/c	1,00,000
	<b>6,85,000</b>		<b>6,85,000</b>

The company resolved to apply the sum available;

- a) To write off the goodwill account
- b) To write off the debit balance of Profits and Loss A/c.
- c) To reduce the book values of the assets by the following amounts:
- d) Land & Buildings – Rs.42,000;
- e) Plant & Machinery – Rs.67,000;
- f) Stock – Rs.33,600
- g) To make a provision of 10% for bad debts.

Prepare the balance sheet after the implementation of the scheme of reconstruction.

**Contd...**

6. P Ltd., purchased 65% of shares of Q Ltd., on 1-10-12 when the balance on their P & L A/c show the debit balance of Rs.40,000 on 1.4.12 respectively. On 31-03-13, the balance sheet of Q Ltd., showed P & L A/c balance of Rs.1,20,000. Show how to Calculate Capital profits and Revenue Profits.
7. Write short notes on
- Bonus in cash
  - Bonus in reduction of premium
  - Reversionary bonus
8. A Life insurance company disclosed a fund of Rs.25,00,000 on December 31<sup>st</sup> 2006 before taking the consideration.
- A Claim of Rs.15,000 was intimated and admitted but not paid during the year.
  - Premium of Rs.1,000 is payable under reinsurance.
  - Reinsurance recoveries Rs.30,000
  - Bonus utilized in reduction of premium Rs.8,000.
- Determine the amount of fund.

### Section C

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

9. S Ltd., and T Ltd., agreed to amalgamate on the basis of the following Balance Sheet as on 31.3.98.

Liabilities	S Ltd., [Rs.]	T Ltd., [Rs.]	Assets	S Ltd., [Rs.]	T Ltd., [Rs.]
Share capital (25 each)	75,000	50,000	Goodwill	30,000	
P & L a/c	7,500	2,500	Fixed assets	31,500	38,800
Creditors	3,500	3,500	Stock	15,000	12,000
Depreciation fund		2,500	Debtors	8,000	5,200
			Bank	1,500	2,500
	<b>86,000</b>	<b>58,500</b>		<b>86,000</b>	<b>58,500</b>

The assets and liabilities are to be taken over by a new company formed called ST Ltd., at book value. ST Ltd's capital is Rs.2,00,000 divided in to 10,000 equity shares of Rs.10 each and 10,000 (5% preference shares of Rs.10 each). ST Ltd., issued the equity shares equally to the selling companies and preference shares were issued for any balance of purchase price. Calculate the purchase consideration.

10. The following are the particulars relate to a company which has gone into voluntary liquidation. You are required to prepare liquidator's final statement allowing for his remuneration at 2% on the amount realised on assets and 2% on the amount distributed to unsecured other than preferential creditors.

The liquidation expenses amount to Rs.2,000. A call of Rs.2 per shares on the partly paid 10,000 equity shares was made and duly received excepting a shareholding owning 500 shares.

Particulars	Amount
Unsecured creditors	2,24,000
Preferential creditors	70,000
Debentures	75,000
The assets realised the following sums; Cash in hand	2,000
Land & Buildings	1,48,000
Plant & Machinery	1,10,000
Fixtures & Fittings	80,000

11. On 31<sup>st</sup> March 2006 the Balance Sheets of H Ltd., and its subsidiary S Ltd., stood as follows;

Liabilities	H Ltd.,	S Ltd.,	Assets	H Ltd.,	S Ltd.,
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
	<b>11,60,000</b>	<b>4,05,000</b>		<b>11,60,000</b>	<b>4,05,000</b>

Calculate and write the consolidated Balance sheet as at 31<sup>st</sup> March 2006, after taking into consideration the following information;

H Ltd., acquired the shares on 31<sup>st</sup> July 2005.

(ii) S Ltd., earned profit of Rs.45,000 for the year ended 31<sup>st</sup> March 2006.

(iii) In January 2006 S Ltd., sold to H Ltd., goods costing Rs.15,000 for Rs.20,000. On 31<sup>st</sup> March 2006 half of these goods were lying as unsold in the godown of H Ltd., give your working notes

12. The following ledger balances were extracted from the books of Varun Ltd., as on 31.03.2021

	<b>Rs.</b>		<b>Rs.</b>
Land and building	2,00,000	12% Debentures	2,00,000
Share capital	10,00,000	Plant and Machinery	8,00,000
Goodwill	2,00,000	Investment in shares	2,00,000
General reserve	1,95,000	Stock in trade	1,00,000
Bills receivable	50,000	Debtors	1,50,000
Creditors	1,00,000	Bank loan (unsecured)	1,00,000
Provision for tax	50,000	Proposed dividend	55,000

Design the Balance sheet of the company as per Revised schedule of the Companies Act.

13. Construct as per the statutory form, the revenue account of Mahindra Life Insurance Co., Ltd., for the year ended 31<sup>st</sup> March 2016.

<b>Particulars</b>	<b>Rs. (000)</b>	<b>Particulars</b>	<b>Rs. (000)</b>
Claims by death	76,000	Expenses of management	29,900
Claims by maturity	30,000	Commission	9,600
Premiums	7,05,700	Interest, Dividend and Rent	97,800
Transfer fees	200	Income tax thereon	27,100
Consideration for annuities	82,300	Surrenders	11,500
Annuities paid	51,000	Bonus in reduction of premium	1,000
Bonus paid in cash	2,000	Dividend paid	5,000
		Life Assurance Fund (1.4.2015)	12,30,000

Additional information (Rs. In thousands): Paid up capital of the company is Rs.5,00,000 and net liability as per actuarial valuation is Rs.9,00,000 as on 31.3.2016. Prepare a valuation balance sheet of the company as on 31.3.2016.

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