

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.(CA) - END SEMESTER EXAMINATIONS APRIL-2023

SEMESTER - IV

21UCCCT4007 - Advanced Corporate Accounting

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

Section B

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

1. Differentiate Amalgamation, Absorption and external reconstruction.
2. List out the schedules forming part of Balance sheet and Profit and Loss Account in Banking Companies Account.
3. The following is the Balance sheet of S Ltd. as on 31st March, 2020.

Liabilities	Rs.	Assets	Rs.
Share capital		Fixed Assets	2,90,000
Equity shares of Rs.10 each	2,70,000	Investments	2,75,000
General Reserve and P&L A/c	3,60,000	Current Assets	1,30,000
Current Liabilities	85,000	Preliminary expenses	20,000
	7,15,000		7,15,000

H Ltd. acquired Rs.25,000 shares in S Ltd. on 31st March 2020 at a cost of Rs.2,75,000. Fixed assets were revalued at Rs.3,28,000. Find minority interest.

4. The Sun Ltd. and the Moon Ltd. are in the business of similar nature decided to amalgamate and a new company is formed called Star Ltd. who took over the Assets and Liabilities of both the companies. The following are the Balance Sheets:

Balance Sheet as on 31st March 2021

Liabilities	Sun Ltd. Rs.	Moon Ltd. Rs.	Assets	Sun Ltd. Rs.	Moon Ltd. Rs.
Share Capital: 7,500 Shares of Rs.10 each	75,000	45,500	Goodwill	30,000	20,000
4,550 Shares of Rs.10 each			Freehold Premises	10,000	
Sundry Creditors	3,000	2,000	Plant and Machinery	18,300	13,450
General Reserve	4,200		Stock	16,000	11,550
Profit & Loss A/c	800	4,500	Sundry Debtors	7,500	6,000
			Cash at Bank	1,200	1,000
	83,000	52,000		83,000	52,000

Assuming that Assets realize at their book values, what amount each company will get?

5. The Hindustan Gas Company rebuilt and re-equipped part of their works at a cost of Rs.5,00,000. The part of the old works thus superseded cost Rs.3,00,000. The capacity of the new works is double the capacity of the old works. Rs.20,000 is realised by the sale of old materials, and old materials worth Rs.10,000 are used in the construction of the new works and included in the total cost of Rs.5,00,000 mentioned above. The costs of labour and materials are 25% higher than when the old works were built. Journalise the entries.

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6. From the following information find out the amount of provisions to be shown in the Profit and Loss Account of a Commercial Bank:

Assets	(Rs.in lakhs)
Standard	4,000
Sub-standard	2,000
Doubtful upto one year	900
Doubtful upto three years	400
Doubtful more than three years	300
Loss Assets	500

7. Balance sheet as on 31st December 2020.

Liabilities	H Ltd. (Rs.)	S Ltd. (Rs.)	Assets	H Ltd. (Rs.)	S Ltd. (Rs.)
Share capital of Rs.10 each	1,00,000	50,000	Sundry assets	1,50,000	80,000
Creditors	1,00,000	30,000	Investments-5000 shares at par	50,000	-
	2,00,000	80,000		2,00,000	80,000

Prepare a consolidated Balance sheet.

8. Compute weighted average rate of depreciation with the following information of an Electricity supply company.

Particulars	Closing balance at cost(Rs.)	Rate of depreciation
Land		
a.Freehold	3,34,900	0
b.Leasehold	1,07,275	3.34%
Buildings	18,82,475	3.34%
Railway Skiing	5,850	3.34%
Plant and Machinery	-	
a.Steam Station	70,82,475	5.28%
b.Others including" Switch gears and transformers"	51,44,725	5.28%
Transmission and Distributing Systems		
a.Overhead	10,60,725	5.28%
b.Underground	42,24,025	5.28%
Electrical Fittings and Apparatus	1,25,325	6.33%
Furniture,Fixture and Office Equipment	1,75,900	6.33%
Vehicles	53,700	5.28%
Total(other than land)	19,823,125	

Section C

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

9. On 31st March, 2021, Y Ltd. was absorbed by X Ltd. The later took over all the Assets and Liabilities of the former at book values. The purchase consideration was fixed at Rs.5,00,000 to be paid in the form of its fully paid shares of Rs.10 each, to be distributed among the shareholders of the Transfer or Company,each shareholder getting two shares for every share held in the Transfer or Company.

The Balance Sheet of the two companies as on 31st March 2021 is as follows:

Liabilities	X Ltd.	Y Ltd.	Assets	X Ltd.	Y Ltd.
Share Capital			Goodwill	2,00,000	60,000
Shares of Rs.10 each	9,00,000	3,00,000	Plant and Machinery	4,12,000	2,00,000
General Reserve	1,80,000	50,000	Furniture	80,000	30,000
P&L A/c	20,502	12,900	Stock	2,65,500	60,000
Workers Compensation Fund	12,000	9,000	Debtors	2,21,200	46,000
Sundry Creditors	58,567	30,456	Income Tax Refund	-	6,000
Provident Fund	10,200	4,000	Cash in Hand	869	356
Provision for Tax	12,300	5,000	Cash at Bank	14,000	9,000
	11,93,569	4,11,356		11,93,569	4,11,356

Amalgamation expenses amounted to Rs.1,000 were paid by X Ltd. You are required to prepare the Balance Sheet after amalgamation and pass the necessary journal entries in the books of the Companies. Prepare necessary accounts.

10. The Gurgaon Electricity Company Limited decides to replace one of its old plants with a modern one with a larger capacity. The plant when installed in 1985 cost the company Rs.24 lakhs, the components of materials, labour and overheads being in the ratio of 5:3:2. It is ascertained that the costs of materials and labour have gone up by 40% and 80% respectively. The proportion of overheads to total costs is expected to remain the same as before. The cost of the new plant as per improved design is Rs.60 lakhs and in addition, material recovered from the old plant of a value of Rs.2,40,000 has been used in the construction of the new plant. The old plant was scrapped and sold for Rs.7,50,000. The accounts of the company are maintained under Double Account system. Indicate how much would be capitalised and the amount that would be charged to revenue. Show the ledger accounts.
11. From the following information, prepare Profit and Loss A/c of Dimple Bank as on 31-3-2022:

Item	2020-21 Rs. in '000'	2021-22 Rs. in '000'
Interest and Discount	14,27	20,45
Income from investment	1,14	1,12
Interest on Balances with RBI	1,55	1,77
Commission, Exchange and Brokerage	7,22	7,12
Profit on sale of investments	12	1,22
Interest on Deposits	6,12	8,22
Interest to RBI	1,27	1,47
Payment to and provision for employees	7,27	8,55
Rent, taxes and lighting	1,58	1,79
Printing and stationery	1,47	2,12
Advertisement and publicity	1,12	98
Depreciation	98	98
Director's fees	1,48	2,12
Auditor's fees	1,10	1,10
Law charges	50	1,52
Postage, telegrams and telephones	48	62
Insurance	42	52
Repair & maintenance	57	66

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Also give necessary Schedules.

Other Information:

(i) The following items are already adjusted with Interest and Discount(Cr.):

Tax Provision('000')	148
Provision for Doubtful Debts('000')	92
Loss on sale of investments('000')	12
Rebate on Bills discounted('000')	55

(ii) Appropriations: 25% of profit is transferred to Statutory Reserves 5% of profit is transferred to Revenue Reserve.

12. The following are the Balance Sheets of H Ltd. and its subsidiary S Ltd. as on 31st December 2020.

Balance sheet as on 31st March 2020

Liabilities	H Ltd. (Rs.)	S Ltd. (Rs.)	Assets	H Ltd. (Rs.)	S Ltd. (Rs.)
Share capital of Re.1 per share	10,000	8,000	Buildings	4,000	-
Reserves	4,000	3,000	Plant	1,000	6,000
Bills payable	2,000	1,000	Stock	4,000	6,000
Creditors	5,000	4,000	Shares in S Ltd.	6,000	-
Profit & Loss A/c	4,000	2,000	Debtors	5,000	3,000
			Bills Receivables	3,000	2,000
			Cash	2,000	1,000
	25,000	18,000		25,000	18,000

Debtors of H Ltd. include Rs.2,000 due from S Ltd. and Bills payable of H Ltd. included a bill of Rs.500 accepted in favour of S Ltd. A Loan of Rs.1,000 given by H Ltd. to S Ltd. was also included in the items of debtors and creditors respectively. Rs.500 was transferred by S Ltd. from Profit and Loss Account to Reserve out of current year's profit. Shares were purchased on 30th June 2020 at par. Prepare the consolidated Balance Sheet.

13. C Ltd. had Rs.5,00,000 authorised capital on 31-12-2020 divided into shares of Rs.100 each out of which 4,000 shares were issued and fully paid up. In June 2021 the Company decided to convert the issued shares into stock. But in June, 2022 the Company re-converted the stock into shares of Rs.10 each, fully paid up. Pass entries and show how Share Capital will appear in Notes to Balance Sheet as on 31-12-2020, 31-12-2021 and 31-12-2022.
