

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 - 2024  
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)

- What do you mean by amalgamation in the nature of merger? Explain its satisfying conditions.
- ABC Company Ltd., Passed resolution and got court permission for the reduction of its share capital by Rs.5,00,000 for the purposes mentioned as under
  - To write off the debit balances of P&L A/c of Rs.2,10,000.
  - To reduce the value of investments by Rs.80,000.

The reduction was made by converting 50,000 preference shares of Rs.20 each fully paid to the same number of preference shares of Rs.15 each fully paid and by converting 50,000 equity shares of Rs.20 each on which Rs.15 is paid up into 50,000 equity shares of Rs.10 each fully paid up.  
Pass journal entries to record the share capital reduction.
- Ramco Co. Ltd., Has the following shares as a part of its share capital 10,000 8% preference shares of Rs.100 each fully paid.  
50,000 equity shares of Rs.5 each fully paid  
20,000 equity shares of Rs.10 each, Rs.8 called up and paid up.  
The company has decided to alter the shares capital as follows:
  - To sub-divide the preference shares into shares of Rs.10 each.
  - To consolidate the equity shares of Rs.5 each into shares of Rs.10 each.
  - To convert the partly paid up equity shares into fully paid up shares of Rs.8 each, with necessary legal sanctions. Journalize the alterations.
- Following is the balance sheet of Shami Ltd., as on 31.03.2022.

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

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

- Sony Ltd., agreed to discharge 7% debentures at a premium of 10% by issuing 9% debentures of Sony Ltd.,
- Preference shares are discharged at a premium of 10% by issuing 10% preference shares of Rs.100 each in Sony Ltd.,
- For every 2 Equity shares in Shami 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.,

**Contd...**

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

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. Give the journal entries that are passed in the books of Transferee Company in the case of external reconstruction.
7. 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 written off Rs.20,000. Calculate Capital profits and Revenue profits.
8. From the following particulars, prepare a Profit and Loss A/c of Samco Bank Ltd., for the year ended 31/12/2006.

	Rs. (in '000)		Rs. (in '000)
Interest on fixed deposits	280	Interest on cash credits	225
Rebate on bills discounted	50	Rent & taxes	20
Commission charged to customers	9	Interest on overdrafts	56
Discount on bills discounted	200	Postage & telegram	2
Interest on current accounts	45	Sundry charges	2
Printing and advertisements	3	Interest on loans	260
Interest on savings bank accounts	70	Establishment expenses	56
Director's and Auditor's fees	4		

### Section C

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

9. Describe the various methods of accounting for amalgamation.
10. The following is the balance sheet of XYZ Ltd., On 31<sup>st</sup> Dec.2022

Liabilities	Rs.	Assets	Rs.
50,000 equity shares of Rs.10 each	5,00,000	Goodwill	1,00,000
Securities premium	50,000	Plant & Machinery	2,07,000
Sundry creditors	62,000	Land & Building	1,62,000
Bank overdraft	73,000	Stock	92,000
		Sundry debtors	74,000
		Profit & Loss A/c	50,000
	6,85,000		6,85,000

It was resolved to apply the sum available under the scheme:

- To write off the goodwill account.
- To write off the debit balance of the profit & loss account.
- To reduce the book values of the assets by the following amounts:  
 Land & Building 42,000  
 Plant & Machinery 67,000  
 Stock 33,600

iv) To provide a bad debts reserve of 10% of the book value of debtors.

Show the journal entries to give effect to the scheme and prepare the revised balance sheet after its implementation.

11. The balance sheet as on 31<sup>st</sup> December 2003 of the Gamma Ltd., was as follows:

Liabilities	Rs.	Assets	Rs.
1,000 equity shares of Rs.100 each	1, 00,000	Land	60, 000
8% Debentures	40,000	Machinery	22, 000
Sundry creditors	6,000	Furniture	3,000
		Stock	25,000
		Debtors	15,000
		Cash	4,000
		Profit & Loss A/c	12, 000
	1,46,000		1,46,000

Beta Ltd., was incorporated to take over the business of Gamma Ltd, with a nominal capital of Rs.1,00,000 divided into 500 9% preference shares of Rs.100 each and 500 equity shares of Rs.100 each on the following basis:

- The debenture holders in Gamma Ltd., are to accept 350 preference shares.
- The shareholders in Gamma Ltd., are to receive one equity share in Beta Ltd., for every two shares held by them.
- Cost of liquidation met by Beta Ltd., Rs.600.
- The balance of preference shares have been issued and taken up by the public.

Give important ledger accounts to close the books of Gamma Ltd., and journal entries in the books of beta Ltd.

12. The balance sheet of C Ltd., and D Ltd., as at 31<sup>st</sup> December,2016 are as follows:

Liabilities	C Ltd.,	D Ltd.,	Assets	C Ltd.,	D Ltd.,
Share capital (in shares of Rs.10 each)	2,00,000	1,00,000	Sundry assets	1,32,500	1,38,200
General reserve	18,000	20,000	Goodwill	-	20,000
Profit & Loss A/c	24,500	23,000	Shares in D Ltd., at cost	1,40,000	-
Creditors	30,000	15,200			
	2,72,500	1,58,200		2,72,500	1,58,200

In the case of D Ltd., profit for the year ended 31<sup>st</sup> December 2016 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 30<sup>th</sup> June 2016.

Draft a consolidated balance sheet of C Ltd., and its subsidiary.

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13. From the following particulars of Lalco Bank Ltd., prepare a Balance Sheet as on 31.03.2006 in the revised format.

	Rs.		Rs.
Authorised Capital	4,000	Subscribed capital	2,000
Investments	7,000	Bills discounted	15,000
Profit & Loss A/c (Cr.)	850	Endorsement on bills for collection	100
Cash in hand	2,000	Statutory reserve	3,000
Letters of credit issued	500	Money at call and short notice	9,000
Cash with RBI	4,000	Liability of customers for acceptances	5,000
Bank drafts payable	1,200	Telegraphic transfer payable	800
Short loans	40	Rebate on bills discounted	10
Acceptances for customers	5,000	Loans and advances	10,000
Cash credit	10,000	Overdraft	1,000
Bills purchased	1,000	Current & deposits accounts	56,000
Investment fluctuation fund	100	Bills for collection	100
Buildings	1,000	Cash with State Bank of India	4,000

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