

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 - NOV'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)

1. ABC company limited passed resolution and got court permission for the reduction of capital share capital by Rs.5,00,000 for the purpose of mention has under
 - i. To write off the debit balance of P&L A/c of Rs.2,10,000
 - ii. To reduce the value of plant and machinery by Rs.90,000 and goodwill by Rs.40,000
 - iii. To reduce the value of investment 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 preferences by Rs.15 each fully paid and by converting 50,000 equity shares of Rs.20 each on which Rs.15 paid into 50,000 equity shares of Rs.10 each fully paid up. Pass Journal Entries to record the share capital reduction.

2. Discuss the various methods of accounting for amalgamation.
3. Prepare the consolidated Balance Sheet from the following Balance Sheet

Liabilities	H Ltd.,	S Ltd.,	Assets	H Ltd.,	S Ltd.,
Capital Re.1 shares	1,400	1,000	Sundry assets shares in 's' Ltd	885	1,510
Creditors	350	190	900 shares at cost	1,125	-
P& L A/c	260	320			
	2,010	1,510		2,010	1,510

On the date of acquisitions of shares by H Ltd., in S Ltd., the credit balance on the latter Profit and Loss account was Rs.220. No dividend have been declared since that date.

4. Prepare the Profit and Loss account for the year ended 31st December 2022 of Maxiz bank limited from the following particulars

	Rs. in '000
Interest on loan	250
Interest on savings account	150
Interest on cash credit	160
Interest on fixed deposit	190
Interest on overdraft	50
Amount charge against current account	20
Rebate on Bill discounted	19
Salaries and allowance	120
Discount	40
Rent tax insurance etc.	5
Dearness allowance	35
Commission brokerage and exchange	15
Managing director salary	15
Contribution to provident fund	10

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5. Winter field limited is observed by sports field Ltd., be consideration being
- Taking over the current liabilities of Rs.40,000
 - The payment of cost of absorption of Rs.15,000
 - The repayment of 'B' debentures of winter field Ltd of Rs.2,00,000 at par
 - The discharge of 'A' debentures of Rs.3,00,000 in the vendor Co. at a premium of 10% by the issue of 8% is debentures in sports field Ltd., at par.
 - A payment of Rs.20 per share in cash and exchange of 4 fully paid of Rs.10 per shares in sports field Ltd., at a market price of Rs. 15 per share of for every Rs.50 share in winter field limited which were 40,000 in number.

Find out the Purchase Consideration.

6. S 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 share capital as follows;

- To sub – divide the preference shares into shares of Rs.10 each year
- 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.

Journal the alternations.

7. H Ltd., Purchase 75% of shares in S Ltd., on 1-7 -2018. on 31-12-18 the balance sheet of S Ltd., Show reserve fund balance on 1-1- 2018 Rs.40,000 profit and during the 2018 Rs.60,000 and preliminary expenses unwritten of Rs.20,000.calculate capital profits and revenue profits.

8. On 31st March 1998, Bharat Commercial Bank Ltd., finds its advances classified follows:

Standard assets	– Rs.14,91,300
Sub-standard assets	– Rs.92,800
Doubtful assets (secured)	:
doubtful for one year	- Rs.25,660
doubtful for one year to 3 years	- Rs.15,640
doubtful for more than 3 years	– Rs.6,580
loss assets	– Rs.10,350

Calculate the amount of provisions to be made by the bank against the above mentioned advances.

Section C

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

9. The following is the Balance Sheet of Huda Ltd., on 31/03/2022

Liabilities	Rs.	Assets	Rs.
Issued and paid up capital 10,000 equity shares of Rs.10 each fully paid	1,00,000	Goodwill	10,000
10,000 7% preference shares of Rs.10 each fully paid	1,00,000	Other fixed assets	90,000
		Stock in-trade	25,000
		Debtors	30,000
		P&L A/c	45,000
	2,00,000		2,00,000

It was resolved that equity share capital of Rs.10 each be reduced to Rs.6 each and 7% preference shares of Rs.10 each be reduced to 7.5% preference shares of Rs.7 each. Number of shares in each case remained the same. It was further resolved that amount so available be used for writing off

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the debit balance of the Profit and Loss account and goodwill account and other fixed assets to the extent possible. There were arrears of preference dividend for the last three years and it was decided that they be cancelled. Draft the Journal Entries and prepare the revised Balance Sheet.

10. Explain various methods of calculating purchase consideration.

11. S Ltd's Balance Sheet showed the following position on 31st March 2019

Liabilities	Rs.	Assets	Rs.
Equity share capital	12,00,000	Patents & trademarks	12,00,000
creditors	14,00,000	Stock	4,00,000
		Debtors	3,00,000
		Cash	5,00,000
		Preliminary expenses	72,500
		Cash	12,500
		P&I A/c	1,15,000
	26,00,000		26,00,000

The Patents and trademarks are considerably over valued. The company is also not in a position to raise any further capital. The following scheme of reconstruction has, therefore been framed.

- (i) The company will go into voluntary liquidation. A new company S. S.Ltd., will be formed with an authorised capital of Rs.20,00,000 to take over the assets.
- (ii) Liability will be discharged by the new company to the creditors by payment of 25 paise in a rupee in cash and 50 paise in a rupee by issue of 9% debentures.
- (iii) 1,20,000 shares of Rs.10 each (Rs.5 per share paid) will be issued to the shareholders of S Ltd.; the balance Rs.5 per share to be paid on allotment.
- (iv) Expenses of liquidation amounting to Rs.17,500 will be paid by S.S. Ltd.

The scheme was approved by all concerned. You are required to:

- (i) Close the Ledger of S. Ltd.,
- (ii) Give entries to open the books of S.S. Ltd.,
- (iii) Prepare the opening Balance Sheet of S.S. Ltd.

12. The following are the Balance Sheets of the Sun Ltd., and Moon Ltd., as on 31st Dec. 2018

Liabilities	Sun Ltd., (Rs.)	Moon Ltd., (Rs.)	Assets	Sun Ltd., (Rs.)	Moon Ltd., (Rs.)
Share capital: Shares of Rs.10 each	2,00,000	50,000	Fixed assets	1,95,000	70,000
General reserve	50,000	20,000	Investment: Shares in Moon Ltd.,	60,000	-
P&L A/c balance 1.1.96	30,000	7,500	Debtors	35,000	25,000
Profit for the year 1996	50,000	20,000	Other current assets	60,000	12,500
Creditors	20,000	10,000			
	3,50,000	1,07,000		3,50,000	1,07,000

- (a) Sun Ltd., purchased on July 1, 1996 4,000 shares in Moon Ltd., at Rs.15 each.
- (b) Stock in Moon Ltd., includes Rs.7,500 worth of goods purchased from Sun Ltd., which company sells goods at 25% above cost.
- (c) Creditors of Moon Ltd., include Rs.5,000 due to Sun Ltd.

Prepare a consolidated Balance Sheet as on December 31.2018.

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13. On 31st December 1986. The following balances stood in the books of Asian Bank Ltd., after preparation of its profit and Loss Account.

Share capital : issued and subscribed	4,000	Reserve fund (under section 17)	6,200
fixed deposits	42,600	Savings bank deposits	19,000
Current accounts	23,200	Money at call and short notice	1,800
Investments	25,000	Profit and Loss Account(cr) 1 st Jan 1986	1,350
Dividend for 1985	400	Premises	2,950
Cash in hand	380	Cash with RBI	10,000
Cash with other banks	6,000	Bills discounted and purchased	3,800
Loans, cash credits and over drafts	51,000	Bills payable	70
Unclaimed dividend	60	Rebate on bills discounted	50
Short loans (borrowing from other banks)	4,750	Furniture	1,164
Other assets	336	Net profit	1,550

Prepare the Balance Sheet of the bank as on 31st December 2018.
