



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

## B.Com. DEGREE EXAMINATION – COMMERCE

SIXTH SEMESTER – APRIL 2017

### CO 6606- ADV. CORPORATE ACCOUNTS

Date: 24-04-2017  
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

#### PART – A

ANSWER ALL THE QUESTIONS: (10 X 2 = 20 MARKS)

1. What is Valuation Balance Sheet?
2. What do you mean by surrender value?
3. What is rebate on bills discounted?
4. What is statutory liquidity ratio?
5. Define 'Holding company'.
6. What is capital reserve?
7. What is 'Capital Base'?
8. What is General Balance Sheet?
9. What do you mean by Purchase consideration?
10. Write a short note on AS 14.

#### PART – B

Answer any Five questions: (5x 8= 40 marks)

11. Distinguish between Life Insurance and General Insurance.
12. The following figures relate to life insurance corporation for the year ended 31.3.2016. Prepare revenue account.

	(Rs. in thousands)		(Rs. in thousands)
Claims	39	Consideration for annuities granted	16.5
Management expenses	14	Surrenders	9
Director's fees	4	Premium received	151
Audit fees	3	Life fund (1.4.2015)	1150
Medical expenses	.5	Interest received	40
Agents' commission	5	Rent received	10
Depreciation	4	Claims cancelled	.5
Bonus in reduction of premium	1.5	Annuities	1.5

Note:

- i. Premium outstanding Rs. 9 Thousand
- ii. Claims outstanding Rs. 3 Thousand

13. From the following ledger balances of pearl bank Ltd., prepare profit and loss account.

	Rs.		Rs.
Interest paid on deposits	1,60,520	Salary and provident fund	40,000
Commission exchange and brokerage	44,240	Profit on sale of fixed assets	30,000
Interest received	5,32,360	Printing and stationery	10,000
Discount on bills discounted	2,43,760	Postage and telephone	20,000

Note: provide for taxation Rs. 20,000 and rebate on bills discounted was Rs. 34,380.

14. From the following as at 31.3.2000, prepare the Revenue account, Net Revenue account, Capital account and General Balance Sheet of Chennai Electric company Ltd:

	Rs.		Rs.
Balance as on 1.4.2009:		Expenses of management	14,400
Land	1,80,000	Cost of distribution	6,000
Machinery	7,20,000	Depreciation	24,000
Mains	2,40,000	Sale of power	1,56,000
Expenditure during the year:		Meter rent	6,000
Land	6,000	Interest on debentures	12,000
Machinery	6,000	Interim dividend	24,000
Mains	61,200	Net revenue account	
Share capital	6,58,000	As on 1.4.2009	34,200
Debentures	2,40,000	Deprecation fund	3,00,000
Sundry creditors	1,200	Sundry debtors:	
Cost of generation	42,000	For energy supplied	48,000
Rent, rates and taxes	6,000	For others	600
		Cash balance	6,000

15. X Ltd and Y Ltd agree to amalgamate as from 31<sup>st</sup> December 2013 on which date their respective balance sheet were as follows:

Liabilities	X (Rs.)	Y (Rs.)	Assets	X (Rs.)	(Rs.) Y
Share capital of Re 1 each	80,000	25,000	Total assets	93,000	31,000
Sundry creditors	3,000	1,000			
Reserves	7,500	4,000			
Profit and loss A/c	2,500	1,000			
	93,000	31,000		93,000	31,000

Draw up the balance sheet of the new company XY Ltd., which was incorporated to take over the amalgamated concerns and state the number of shares in the new company which will be allotted to the shareholders of the old companies.

16. Describe the features of Double Account System.

17. Prepare a consolidated balance sheet from the following balances sheets:

Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd.
	Rs.	Rs.		Rs.	Rs.
Capital Re 1 shares	1,400	1,000	Sundry Assets	885	1,510
Creditors	350	190	Shares in S Ltd.		
Profit and Loss Account	260	320	900 shares at cost	1,125	
	2,010	1,510		2,010	1,510

On the date of acquisition of shares by H Ltd. in S Ltd., the credit balance on latter's Profit and loss account was Rs. 220. No dividends have been declared since that date.

18. Distinguish between the purchase method and pooling of interest method.

### PART – C

**Answer any TWO questions: (2x 20= 40 marks)**

19. From the following balance of the Asian general insurance Co. Ltd as on 31<sup>st</sup> March 2016, prepare Fire Revenue Account and Marine Revenue Account and Profit and Loss Account.

	Fire Rs. ('000)	Marine Rs. ('000)
Bad debts	5,000	12,000
Fund 1.4.15	2,50,000	8,20,000
Claims paid and outstanding	1,80,000	3,80,000
Additional reserve 1.4.15	50,000	-----
Survey expenses	10,000	-----
Commission earned on reinsurance ceded	10,000	20,000
Premium less reinsurance	6,00,000	10,80,000
Management expenses	1,45,000	4,00,000

	Rs. ('000)		Rs. ('000)
Interest, dividends etc. received	14,000	Auditor's fees	1,200
Difference in exchange (Cr)	300	Directors' fees	5,000
Miscellaneous receipts	5,000	Share transfer fees	800
Profit on sale of land	60,000	Bad debts recovered	1,200
		Depreciation	35,000

In addition to usual reserve, additional reserve in case of fire insurance is to be increased by 5% of net premiums. Reinsurance premium received totalled Rs.1,50,000 Thousand for Fire and Rs.3,20,000 Thousand for Marine. Management expenses do not include commission. The net premium income of fire in 2014-15 was Rs. 5,00,000 Thousand.

20. The Edwin Co. Ltd. sells its business to Merbin products Ltd., as on December 31, 2009 on which date its Balance Sheet was as under.

Liabilities	Rs.	Assets	Rs.
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Paid up capital:		Goodwill	50,000
2,000 shares of Rs. 100 each	2,00,000	Property	1,50,000
Debentures	1,00,000	Tools	83,000
Creditors	30,000	Stock	35,000
Reserve fund	50,000	Bills receivable	4,500
Profit and loss Account	20,000	Sundry debtors	27,500
		Cash at bank	50,000
	4,00,000		4,00,000

Merbin products Ltd., agreed to take over the assets (exclusive of cash and goodwill) at 10% less than the book values, to pay Rs. 75,000 for goodwill and to take over the debentures.

The purchase consideration was to be discharged by the allotment to the Edwin Co. Ltd., 1,500 shares of Rs. 100 each at a premium of Rs. 10 per share and the balance in cash. The cost of liquidation amounted to Rs. 3,000. Show the ledger in the books of Selling Company and pass the entries recording the transactions in the books of Purchasing Company.

21. The following are the balance sheets of H Ltd and S Ltd on 31.12.2015.

Liabilities	H Ltd. (Rs.)	S Ltd. (Rs.)	Assets	H Ltd. (Rs.)	S Ltd. (Rs.)
Share capital: Shares of 10 each	6,00,000	2,50,000	Goodwill	30,000	20,000
General reserve	1,60,000	95,000	Fixed assets	5,80,000	2,00,000
Profit for 2015	2,20,00	1,20,000	Stock	1,60,000	80,000
Bills payable	20,000	-----	Investments in 15,000 shares of S Ltd.	2,00,000	-----
Sundry creditors	1,00,000	35,000	Bills receivable	-----	15,000
			Sundry debtors	80,000	1,15,000
			Cash in hand	50,000	70,000
	<b>11,00,000</b>	<b>5,00,000</b>		<b>11,00,000</b>	<b>5,00,000</b>

- H Ltd. acquired the shares of S Ltd. on 1.9.2015.
- Bills payable of H Ltd. was wholly in favour of S Ltd.
- Debtors of S Ltd include Rs. 15,000 owed by H Ltd.
- Stock of H ltd includes Rs. 10,000 worth of goods bought from S Ltd on which the latter company has made a profit of 25% on cost.

Prepare the consolidated balance sheet.

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