



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

SIXTH SEMESTER – APRIL 2017

CO 6610- ADVANCED CORPORATE ACCOUNTING

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 Life Insurance Fund?
2. What is reversionary bonus?
3. Write a short on non-banking assets.
4. List out the different types of bank deposits.
5. What you mean by cost of control?
6. What is mutual obligation?
7. The salary of 4 clerks for a period of 6 months before the relevant date was in arrears. If the salary of each clerk is Rs. 6,000 per month, what is the amount of preferential creditors?
8. What is secured credit?
9. State the objectives of amalgamation.
10. Distinguish between amalgamation and absorption.

PART – B

Answer any FOUR questions: (4x 10= 40 marks)

11. From the following figures, prepare Revenue Account, in statutory form of the Lotus Assurance Co, Ltd. for the year ended 31.3.2016.

	Rs. (‘000)		Rs. (‘000)
Claims paid by death	1,42,000	Interest, dividends and rents	1.95.700
Claims paid by maturity	70,200	Surrenders	26.300
Premium	14,12,000	Bonus in reduction of premium	1,800
Consideration for annuities granted	1,64,000	Dividend paid to shareholders	9,000
Annuities paid	1,06,900	Life Assurance Fund (1.4.2015)	30,45,000
Bonus paid in cash	4,800	Claims outstanding (1.4.2015)	22,000
Expenses of management	63,800	Claims outstanding (31.3.2016)	16,000
Commission	19,140		

12. Describe the advances usually made by banks and shown in schedule 9.

13. The following are the balances of RR Bank Ltd for the year ended 31.3.2012.

	(Rs. '000)		(Rs. '000)
Interest on loans	518	Director's fees	6
Interest on fixed deposits	550	Auditor's fees	2
Commission received	16	Interest on SB deposits	136
Salaries and allowances	108	Postage and telegrams	3
Discount on bills discounted	292	Printing and stationery	6
Rebate on bills discounted	98	Locker rent	2
Interest on cash credit	446	Transfer fees	1
Interest on current accounts	84	Depreciation on banks properties	10
Rent and taxes	36	Sundry charges	4
Interest on overdrafts	308		

Other-information:

- i. Provision for bad debts to be made Rs. 80,000
- ii. Provision for income tax required Rs. 3,00,000
- iii. From the above information, prepare the profit and loss account of the bank for the year ended 31.3.2012.

14. From the data relating to a company (in voluntary liquidation) you are asked to prepare liquidator's final statement of account.

- i. Cash with liquidator (after all assets are realised and secured creditors and debentureholders are paid) is Rs. 6,73,800.
- ii. Preferential creditors to be paid Rs. 30,000.
- iii. Other unsecured creditors Rs. 2,15,000.
- iv. 4,000 6% preferential shares of Rs. 100 each, fully paid.
- v. 2,000 equity shares of 100 each, Rs. 75 per share paid up.
- vi. 6,000 equity shares of Rs. 100 each, Rs. 60 per share paid up.
- vii. Liquidator's remuneration 2% on preferential and other unsecured creditors.
- viii. Preference dividends were in arrears for 2 years.

15. A Ltd and B Ltd have agreed upon the values of assets and liabilities as shown in the following Balance sheets

		A		B		B/S	
		Assets		A		B	
Share Capital	20,00,000	10,00,000	Sundry Assets	20,00,000	12,00,000		
Reserves	2,00,000	5,00,000	10,000 shares in B Ltd	2,00,000	-		
			10,000 shares in A Ltd	-	3,00,000		
	22,00,000	15,00,000		22,00,000	15,00,000		

Ascertain the amount due to outsiders, if A Ltd and B Ltd decide to amalgamate and form C Ltd

16. X Ltd and Y Ltd agreed to amalgamate on the basis of the following balance sheets as on 31.3.2007.

Liabilities	X	Y	Assets	X	Y
Share capital Rs. 25 each	75,000	50,000	Goodwill	30,000	-----
Profit and loss A/c	7,500	2,500	Fixed assets	31,500	38,000
Creditors	3,500	3,500	Stock	15,000	12,000
Depreciation fund	-----	2,500	Debtors	8,000	5,000
			Bank	1,500	3,500
	86,000	58,500		86,000	58,500

The assets and liabilities are to be taken over by a new company formed called Valli Ltd. at book values. Valli Ltd's capital is Rs. 2,00,000 dividend into 10,000 equity shares of Rs. 10 each and 10,000 9% preference shares of Rs. 10 each.

Valli Ltd issued the equity shares equally to the vendor companies and preference shares were issued for any balance of purchase price.

Pass journal entries in the books of Valli Ltd. if the amalgamation is in the nature of purchase

17. Examine the steps involved in preparation of Consolidated Balance Sheet.

PART – C

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

18. From the following particulars of ABC Insurance Co. Ltd., prepare separate accounts of fire and Marine business and Profit and Loss Account for the year ended 31.3.2016 and a Balance Sheet as on that date::

	(Rs. '000)		(Rs. '000)
Investments	4,06,980	Share capital	4,00,000
Free hold premises	3,06,412	Claims admitted but not paid:	
Lease hold	12,604	Fire	4,620
Agents balance	46,212	Marine	9,808
Sundry debtors	17,918	Creditors	44,962
Income tax on int. and dividends	4,513	Due to reinsurers:	
Claims paid and outstanding :		Fire	2,471
Fire	1,02,412	Marine	4,143
Marine	2,61,512	Premium received:	
Expenses of management:		Fire	3,56,418
Fire	96,512	Marine	8,59,960
Marine	1,42,218	Interest and dividends	19,512
Commission:		Other receipts	807
Fire	34,921		
Marine	62,857		
Interest accrued	919		
Office furniture	14,761		
Preliminary expenses	90,212		
Cash and bank balance	1,01,738		
	17,02,701		17,02,701

Provision for unexpired risk is to be made at 40% of the premium received.

19. The following is the balance sheet of S Ltd as on 30.6.2007.

Liabilities	Rs.	Assets	Rs.
4,000 equity shares of Rs. 100 each	4,00,000	Buildings	1,70,000
General reserve	50,000	Plant and machinery	4,00,000
Profit and loss account	5,600	Investments	50,600
5% Debentures	2,50,000	Debtors	1,40,500
Creditors	1,28,700	Stock	80,700
Dividend equalisation fund	24,000	Cash at bank	16,500
	8,58,300		8,58,300

S Ltd was absorbed by B Ltd on the above date on the following terms: B Ltd to

- a) Assume all liabilities and to acquire all assets except investments which were sold by S Ltd for Rs. 45,000.
- b) Discharge the debentures debt at a discount of 5% by issue of 7% debentures in B Ltd.
- c) Issue two shares of Rs. 60 each in B Ltd at Rs. 65 per share and also pay Rs. 2 in cash to the shareholders of S Ltd. in exchange for one share in S Ltd.
- d) Pay the cost of absorption – Rs. 1,500.

With the consent of the shareholders, the liquidator of S Ltd. sold off in open market one-fourth of the shares received from B Ltd. at an average price of Rs. 63 per share.

You are required to prepare:

- i. Statement of purchase consideration
- ii. Important ledger accounts in the books of S Ltd.

20. The following are the summarised balance sheet of X Ltd and Y Ltd as on 31.03.2013

Liabilities	X Ltd Rs.	Y Ltd Rs.	Assets	X Ltd Rs.	Y Ltd Rs.
Share capital (Rs. 10 each)	67,500	50,000	Land	12,500	9,000
6% Debentures	15,000	Machinery	25,000	6,500
General reserve	15,000	Furniture	2,500	250
Profit & Loss A/c	17,500	17,000	Investment in 3,750 Shares of Y Ltd	45,000
Trade creditors	7,500	12,750	Stock	15,000	22,750
			Sundry debtors	15,000	25,000
			Bills receive bale		2,500
			Cash at bank	7,500	13,750
	1,22,500	79,750		1,22,500	79,750

The holding of X Ltd. in Y Ltd was acquired on 1.7.2012 on which date Y Ltd had Rs. 5,000 to the credit of it's Profit and Loss Account.

Debtors of X Ltd includes Rs. 5,000 receivables from Y Ltd. Creditors of Y Ltd includes Rs. 4,750 payable in X Ltd.

Transactions between X Ltd and Y Ltd include the purchase of goods by Y Ltd at cost plus 33 1/3 % The stock of Y Ltd on 31st March 2013 consisted of goods purchased from X Ltd Rs. 8,000.

Cash amounted to Rs. 250 was in transit from Y Ltd on 31.3.2013.

You are required to prepare a Consolidated Balance Sheet to be presented to the shareholders of X Ltd as on 31.3.2013.

21. The following balances are extracted from the Z Ltd's Balance sheet as on 31.3.2012.

	Rs.
Equity share capital	1,00,000
6% preference share capital	2,00,000
6% debentures	1,50,000
Fully secured creditors (security value – Rs. 35,000)	30,000
Partly secured creditors (security value – Rs. 10,000)	20,000
Preferential creditors	6,000
Bills payable	1,00,000
Unsecured creditors	70,000
Bank overdraft	10,000
Bill receivable	15,000
Bills discounted (one bill for Rs. 10,000 is bad)	40,000
Book debts:	
Good	10,000
Doubtful (estimated to realize 50%)	7,000
Bad	6,000
Land & Building (estimated at Rs. 1,00,000)	1,50,000
Stock (estimated at Rs. 40,000)	50,000
Machinery	5,000
Cash in hand	100

Prepare statement of affairs as on 31.3.2012.
