

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.PA - END SEMESTER EXAMINATIONS - APRIL 2025
SEMESTER - IV
21UPACT4009 - Advanced Corporate Accounting

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

Section BAnswer any **SIX** questions (6 × 5 = 30 Marks)

1. On 31
- st
- March 1998, the balance sheet of X Ltd., stood as follows:

Liabilities	Rs.	Asset	Rs.
Share Capital: 1,50,000 equity shares of Rs.10 fully paid	15,00,000	Plant & Machinery	16,10,000
Securities	1,50,000	Furniture & Fixtures	1,94,400
General Reserve	6,25,500	Stock	7,05,500
Profit & Loss A/c	1,85,300	Debtors	198440
Creditors	3,60,740	Cash at bank	113200
	28,21,540		28,21,540

On this date, X Ltd., took over the business of Y Ltd., for Rs.6,60,000 payable in the form of its fully paid equity shares of Rs.10 each at par, share holders of Y Ltd., getting 110 shares of X Ltd., for ever 100 shares held in Y Ltd., The scheme of Amalgamation also provided that 3,000 11% debentures of Y Ltd., would be converted into equal number of 12% debentures of X Ltd., of Rs.100 each.

The Balance Sheet of Y Ltd., on the date of Amalgamation was as follows:

Liabilities	Rs.	Asset	Rs.
Share Capital: 60,000 equity shares of Rs.10 each fully paid	6,00,000	Machinery	5,50,000
Capital reserve	13,000	Furniture	1,35,200
Foreign project reserves	9,700	Stock	3,15,800
General reserve	75,350	Debtors	1,29,300
Profit & Loss A/c	24,130	Cash at bank	74,360
3,000 11% Debentures of Rs.100 each	3,00,000		
Creditors	1,82,480		
	12,04,660		12,04,660

You are required to show realisation account and equity shareholders A/c in Y Ltd's ledger.

2. A life Insurance Company gets its valuation made once in every two years. Its Life assurance fund on 31.03.2006 amounted to Rs 63,84,000 before providing Rs 64,000 for the shareholder's dividend for the year 2005 – 06. Its actuarial valuation due on 31.03.2006 disclosed a net liability of Rs 60,80,000 under assurance annuity contracts. An interim bonus of Rs 80,000 was paid to the policyholders during the two years ending 31.3.2006.
Compute a statement showing the amount now available as bonus to policyholders.
3. Prepare and write down the steps involved in preparation of consolidated balance sheet.
4. A company went into voluntary liquidation on 31.03.1998. when the following balance sheet was prepared:

Liabilities	Rs.	Assets	Rs.
Authorised Capital: 4,000 shares of Rs.10 each	40,000	Goodwill	6,960
Issued Capital: 3,000 shares of Rs.10 each	30,000	Freehold property	5,000
Unsecured creditors	15,432	Machinery	7,480
Partly secured creditors	5,836	Stock	11,710
Preferential creditors	810	Debtors	9,244
Bank Overdraft (unsecured)	232	Cash	100
		Profit & Loss A/c	11,816
	52,310		52,310

The liquidator realised the assets as follows:

Freehold property which was used in the first insurance to pay the partly secured creditors pro – rata Rs.3,600; Machinery Rs.5,000; Stock Rs.6,200; Debtors 8700, Cash Rs.100.

The expenses of liquidation amounted to Rs 100 and the liquidator's remuneration was agreed at 2.5% on the amount realised including cash and 2% on the amount paid to unsecured creditors. Ascertain the liquidator's final statement of account.

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5. From the following information relating to Lakshmi Bank Ltd., reproduce the Profit & Loss A/c for the year ended 31st Dec 1987.

	Rs.		Rs.
Rent received	72,000	Salaries and allowances	2,18,800
Exchange and commission	32,800	Postage	5,600
Interest on fixed deposits	11,00,000	Sundry charges	4,000
Interest on savings bank A/c	2,72,000	Directors and auditor fee	16,800
Interest on overdrafts	2,16,000	Printing	8,000
Discount on bill discounted	7,80,000	Law charges	3,600
Interest on current accounts	1,68,000	Locker rent	1,400
Interest on cash credits	8,92,000	Transfer fees	2,800
Depreciation on bank Property	20,000	Interest on loan	10,36,000

6. Classify the various types of Insurance.

7. On 31st March 1996, the balance sheets of H Ltd., and its subsidiary S Ltd., stood as follows:

Liabilities	H Ltd (Rs.)	S Ltd (Rs.)	Assets	H Ltd (Rs.)	S Ltd (Rs.)
Equity share capital	8,00,000	2,00,000	Fixed assets	5,50,000	1,00,000
General reserve	1,50,000	70,000	75% share in S Ltd (at cost)	2,80,000	-
Profit & Loss A/c	90,000	55,000	Stock	1,05,000	1,77,000
Creditors	1,20,000	80,000	Other current assets	2,25,000	1,28,000
	11,60,000	4,05,000		11,60,000	4,05,000

Compute a consolidated balance sheet as at 31st March 1996, after taking into consideration the following information:

- H Ltd., acquired the shares on 31st July 1995.
- S Ltd., earned profit of Rs.45,000 for the year ended 31st March 1996.
- In January 1996 S Ltd., sold to H Ltd., goods costing Rs.15,000 for 20,000.

On 31st March 1996 half of these goods were lying as in sold in the godown of H Ltd. Show your workings notes.

8. What is liquidation? Ascertain the modes of winding up.

Section C

Answer any **THREE** questions (3 × 10 = 30 Marks)

9. The books of S Ltd., contained the following balances as on 31st May 1994.

Particulars	Debit (Rs.)	Credit (Rs.)
Equity share capital (Rs.10 each)		12,00,000
Creditors		14,00,000
Patents & Trade marks	12,00,000	
Plant & Machinery	4,00,000	
Stock	3,00,000	
Debtors	5,00,000	
Cash	12,500	
Preliminary expenses	72,500	
Profit & Loss 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.

- 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.
- 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.
- 1,20,000 shares of Rs.10 each (Rs.5 per share paid) will be issued to the shareholders of S Ltd., the balance of Rs.5 per share to be paid on allotment.
- 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:

- Close the ledger of S Ltd
- Show entries to open the books of S.S.Ltd
- Prepare the opening balance sheet of S.S.Ltd

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10. The following is the trail balance extracted from the books of Town Bank Ltd.

Debit Balances	Rs.	Credit Balances	Rs.
Balances with banks	46,350	Share Capital	3,00,000
Investments in govt bonds	1,94,370	Security Deposit of employees	15,000
Other investments	1,55,630	SB account	7,420
Gold bullion	15,130	Current accounts	97,000
Interest accrued on investments	24,620	Fixed deposits	1,13,050
Silver	2,000	Reserve funds	1,40,000
Constituent's liability for acceptances, etc	56,500	Borrowings from banks	77,230
Building	65,000	Profit & Loss A/c	6,500
Furniture	5,000	Bills for collection	43,500
Money at call	26,000	Acceptances and endorsements	56,500
Loans	2,00,000	Interest	72,000
Bills discounted	12,500	Commission	25,300
Interest	7,950	Discounts	42,000
Bills for collection	43,500	Rent	600
Audit fees	5,000	Profit on bullion	1,200
Loss on sale of furniture	1,000	Miscellaneous income	2,700
Director's fees	1,200	Accumulated depreciation on building	20,000
Salaries	21,200		
Postage	50		
Managing director's remuneration	12,000		
Loss on sale of investment	30,000		
Cash in hand	25,000		
Cash with RBI	50,000		
Branch adjustments A/c	20,000		
	10,20,000		10,20,000

You are required to prepare the profit & loss account and balance sheet after taking into consideration the following:

- a. Bad debts Rs.500
- b. Rebate on bills 1,000
- c. Current years's depreciation on building Rs.2,000
- d. Some current accounts are over drawn to the extent of Rs.25,000 and total of credit balances is 1,22,000.

11. Given below is the trial balance of Mysore fire insurance Co Ltd., as on 31.3.2006

	(Rs.'000)		(Rs. '000)
Claims paid	1,14,315	Reserve for unexpired	2,47,495
Commission to agents	60,590	Claims outstanding (1.4.05)	5,085
Expenses of management	1,99,696	Premium income	4,03,932
Depreciation	15,419	Interest, dividend & rent	34,692
Loss on sale of investment	23,169	Share capital	2,50,000
Income tax on interest, dividend & rent	10,625	P&L balance (1.4.05)	33,581
Agents balances	54,792	Provision for taxes	43,618
Investments in govt bonds	3,86,921	Sundry creditors	4,919
Interest accrued on investments	6,028	Investment reserve	24,690
Outstanding premium	4,019		
Advances & deposits	12,122		
Cash & bank balances	65,650		
Furniture & motor car	94,666		
	10,48,012		10,48,012

You are required to ascertain the Revenue A/c, P&L A/c and Balance sheet as on 31.03.2006 having regard to the following:

- a. The entire authorised share capital has been issued & subscribed.
- b. Reserve for unexpected risk is at 50%
- c. Claims outstanding as 31.03.06 amounted to Rs.3,317 thousands.
- d. Provide Rs.20,000 thousands towards taxation.

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12. A company acquired 1,600 ordinary shares of Rs.100 each in B Ltd on 31st Dec 1989. Their summarised balance sheets as on that date were as under:

Liabilities	A Ltd (Rs.)	B Ltd (Rs.)	Assets	A Ltd (Rs.)	B Ltd (Rs.)
Capital:			Land & Building	1,50,000	1,80,000
5,000 ordinary shares of Rs.100 each	5,00,000		Plant & Machinery	2,40,000	1,09,400
2,000 ordinary shares of Rs.100 each		2,00,000	Investments in B Ltd at cost	3,40,000	-
Capital reserve		1,20,000	Stocks	1,20,000	36,000
General reserve	2,40,000		Debtors	44,000	40,000
Profit & Loss A/c	57,200	36,000	Bills receivables (including Rs.3,000 from B Ltd)	15,800	-
Bank overdraft	80,000	-	Cash at bank	14,500	8,000
Bills payable (including Rs.4,000 to A Ltd)	-	8,400			
Creditors	47,100	9,000			
	9,24,300	3,73,400		9,24,300	3,73,400

Details:

- B Ltd has made a bonus issue on 31st Dec 1989 of one ordinary share of every 2 shares held by its shareholders. Effect has yet to be given in the accounts for the issue.
- The directors are advised that land & buildings of B Ltd are under valued by Rs.20,000 and plant & machinery of B Ltd over valued by Rs.10,000. These assets have to be adjusted accordingly.
- Sundry creditors of A Ltd include Rs.12,000 due to B Ltd.

You are required to prepare the consolidated balance sheet as on 31st Dec 1989.

13. Given below the balance sheet of XYZ Ltd as on 1.8.1998 on which dates it goes into liquidation:

Liabilities	Rs.	Assets	Rs.
Share capital:			
10,000 preference shares of Rs.10 each, fully paid	1,00,000	Cash at bank	5,000
5,000 equity shares of Rs.10 each, fully called			
Less: calls in arrears on 1,000 shares @Rs.1 per share	49,000	Stock of raw materials	50,000
10,000 equity shares of Rs.10 each Rs.5 per share paid	50,000	Other stocks	1,50,000
20,000 equity shares of Rs.10 each Rs.3 per share paid	60,000		
Secured Loan from Bank:	38,000	Other assets	1,45,000
Against pledge of stock of raw material			
Unused dues:		Profit & Loss A/c (debit balance)	50,000
Preference	1,200		
Others	1,01,800		
	4,00,000		4,00,000

The assets were realised as under:

- Stock of raw materials realised by bank – Rs.30,000
- Other stocks – Rs.80,000
- Remaining assets – Rs.20,000

The liquidator is entitled to a fixed remuneration of Rs.2,000 plus 2% of the gross amounts realised by him. Other costs and charges amounted to Rs.11,000. Equity shares carry the same rights, regardless of the amount paid, as far as capital repayment is concerned.

Evaluate the liquidator's final statement of account.
