

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 2025

SEMESTER - IV

23UCCCT4008 - Corporate Accounting-II

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

Section B

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

1. Lal Ltd., Agreed to absorb the Business Mal. Ltd. The purchase consideration was as under:
- For every 4 10% Preference shares of Rs.10 each in Mal Ltd. 7 Equity shares of Rs.10 each in Lal Ltd. As Rs. 8 paid up. There were 60,000 10% Preference shares in Mal Ltd.
 - For every 3 Equity shares of Rs.10 each in Mal Ltd. 8 Equity shares in Lal Ltd. as Rs.10 paid up. There were 90,000 Equity shares in Mal Ltd.

Find Purchase consideration.

2. Ganguly Ltd., was formed with an authorised capital of Rs.12,00,000 divided into equity shares of Rs.10 each, to acquire the business of 'A' and 'B' whose balance sheet on the date of acquisition was as follows:

Liabilities	Rs.	Assets	Rs.
Capital	6,00,000	Freehold premises	7,00,000
General reserve	4,00,000	Stock	2,00,000
Sundry creditors	2,00,000	Sundry debtors	1,60,000
		Less : Provision for bad debts	10,000
		Cash at Bank	1,50,000
	12,00,000		12,00,000

The purchase consideration was agreed upon at Rs.14,00,000 to be paid in Rs.12,00,000 fully paid equity shares at Rs.11 and the balance in cash. Give journal entries to record the above. Assuming the vendor's account is finally settled. Find out purchase consideration.

3. On 31st March 2018, Bharat Commercial Bank Ltd., finds its advances classified as follows :

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

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

4. What is Rebate on Bills Discounted? How it is dealt with in a bank Final Accounts?
5. A Life Assurance Company prepared its Revenue A/c for the year ended 31.3.2016 and ascertained its Life Assurance fund to be Rs.28,35,000. It was found later that the following had been omitted from the accounts:
- Interest accrued on investments Rs.39,000;
 - Income tax liable to be deducted thereon is estimated to be Rs.10,500.
 - Outstanding premiums Rs.32,800.
 - Bonus utilised for reduction of premium Rs.6,750.
 - Claims intimated but not admitted Rs.17,400.
 - Claims covered under reinsurance Rs.6,500.

Ascertain the balance of Life Assurance fund in the light of the above particulars.

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6. On 31-12-03, X Ltd., Acquired 80% equity shares of Y Ltd. The P & L A/c and General Reserve balances as per Balance sheet of Y Ltd., prepared on 31-12-03 amounting to Rs.6,80,000 and Rs.1,44,000 respectively. On the date of acquisition of shares, the assets of Y Ltd., Were revalued and gain of Rs.1,20,000 was found out. Calculate Capital profits and Revenue profits.
7. Explain meaning of Liquidation of a Company.
8. Jaya Ltd. Went into liquidation on 1.1.2018 certain creditors remained unpaid and the following information regarding the contributories appearing on the 'B' List is available.

No. of Contributories	No. of shares transferred	Date of transfer of shares	Creditors remained unpaid on the date of transfer (Rs.)
A	2,500	1.1.2016	1,20,000
B	2,500	31.5.2017	1,52,000
C	2,000	15.7.2017	1,73,000
D	5,000	15.11.2017	1,80,000

The shares are of Rs.100 each, Rs.80 paid. Assuming that the contributories on the 'A' List completely default. Prepare a statement showing the amount to be realised from the various contributories of List 'B'.

Section C

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

9. The following is the Balance sheet of Ram Ltd., as on 31st December 2020.

Liabilities	Rs.	Assets	Rs.
Equity share capital: (Rs.10 each)	1,50,000	Goodwill	20,000
6% cumulative preference shares (Rs.10 each)	1,00,000	Plant	1,50,000
5% Debentures	50,000	Stock	80,000
Employees profit sharing A/c	14,000	Debtors	1,20,000
Bank overdraft	20,000	Cash at Bank	8,800
Creditors	91,500	P & L A/c	40,200
Interest on debentures due	2,500	Preliminary expenses	5,000
Contingent liabilities: Arrears of preference dividend Rs.12,000	-	Commission on issue of shares	4,000
	4,28,000		4,28,000

Raj Ltd., Agreed to absorb Ram Ltd., From 1.7.2020 on the following terms:

- Raj Ltd. Is to take over all tangible assets except cash.
- It is to pay the debenture holders at a premium of 10% by issue of its 6% preference shares of Rs.10 each.
- It is to issue one equity share of Rs. 10 each and make a payment of Rs.4 in cash in exchange of every two equity shares in Ram Ltd.
- Creditors will receive 90% of the sums due to them in fully paid equity shares of Rs.10 each in Raj Ltd. In full settlement of their claims.
- Preference shareholders will be issued 5% debentures in Raj Ltd.

Pass the journal entries in the books of Raj Ltd. To record this take over. Also show the necessary ledger accounts to close the books of Ram Ltd. The absorption may be taken as in the nature of purchase.

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10. The following is the Trial 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
Investment in Government bonds	1,94,370	Security deposit of employees	15,000
Other investments	1,55,630	SB Accounts	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 fund	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 investments	30,000		
Cash in hand	25,000		
Cash with RBI	50,000		
Branch adjustment A/c	20,000		
	10,20,000		10,20,000

You are required to prepare the Profit and Loss Account and Balance Sheet after taking into consideration the following

- i) Bad debts Rs.500 ii) Rebate on bills 1,000
- iii) Current year's depreciation on building Rs.2,000
- iv) Some current accounts are over drawn to the extent of Rs.25,000 and total of credit balances is Rs.1,22,000.

11. On 31st March, 2018 the balance sheet 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% shares 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

Draw a consolidated Balance Sheet as at 31st March, 2018 after taking into consideration the following information:

- i) H Ltd. acquired the shares on 31st July, 2017.
- ii) S Ltd. earned profit of Rs.45,000 for the year ended 31st March, 2018.
- iii) In January 2018 S Ltd. Sold to H Ltd. Goods costing Rs.15,000 for Rs.20,000.

On 31st March, 2018 half of these goods were lying as unsold in the godown of H Ltd. Give your working notes.

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12. From the following Trial Balance, prepare the revenue A/c and the Balance Sheet of the Great Life Assurance Co. Ltd.

	Rs. ('000)		Rs. ('000)
Loans on life policies	4,200	Premiums	3,65,900
Expenses of management	18,200	Profit on sale of investments	10,800
Deposit with RBI – Govt. Of India Securities	2,00,000	Claims admitted but not paid	58,400
Commission	9,800	Sundry trade creditors	7,700
Freehold Ground rents	1,68,000	Life Assurance fund (1.4.05)	28,00,000
Bonus in cash	4,200	Consideration for annuities granted	12,200
Surrenders	21,100	Interest, dividends & rents-gross	1,20,500
Claims by maturity	1,04,700		
Claims by death	1,72,600		
House property	59,800		
Annuities paid	7,600		
Outstanding premiums	21,600		
Income tax on interest receipts	7,100		
Agents' balances	6,800		
Port Trust debentures, Interest and Principal guaranteed by Govt.	5,28,200		
Cash at Bank, Current A/c	12,700		
Cash in hand	1,750		
Foreign Govt. Securities	1,42,500		
Office furniture	1,500		
Fully paid up share capital in limited liability companies registered in India	1,21,600		
Stock of policy stamps in hand	150		
Mortgage in India	6,61,400		
Mortgage out of India	2,06,400		
Loans on Govt. Securities	7,19,000		
Loans on company policies	1,74,600		
	33,75,500		33,75,500

13. On 31.3.2018 the date of liquidation of a company, its Balance Sheet was as under:

Liabilities	Rs.	Assets	Rs.
Share capital: 7% Preference shares	3,00,000	Land & Buildings	4,00,000
6,000 equity shares of Rs.10 each, Rs.8 paid up	48,000	Plant & Machinery	1,60,000
3,000 equity shares of Rs.10 each, Rs.7 paid up	21,000	Stock	4,00,000
6% debentures of Rs.100 each	12,00,000	Debtors	6,40,000
Outstanding interest on debentures	72,000	Cash at Bank	51,000
Creditors	8,000		
Bills payable	2,000		
	16,51,000		16,51,000

The assets were realised as under:

Land & Buildings Rs.3,50,000; Plant & Machinery – Rs.2,00,000; Debtors- Rs.6,00,000; Stock – Rs.4,61,000; Liquidation expenses –Rs.2,000. Remuneration of liquidator : $\frac{1}{2}\%$ on the assets realised including cash and 1% on the amount paid to unsecured creditors. Creditors shown in the Balance Sheet included – Rs.2,000 preferential. Interest on debenture is to be paid upto 31.5.2018. Dividend on preference shares is in arrears for $1\frac{1}{2}$ years. Legal charges Rs.1,000. Prepare Liquidator's Final Statement for the year 2018.
