

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. - END SEMESTER EXAMINATIONS - NOVEMBER 2025
SEMESTER - IV

20UCOCT4009 - Advanced Corporate Accounting

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

Section B

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

1. From the following figures appearing in the books of Fire Insurance divisions of a General company, show the amount of claim as it would appear in revenue account, by preparing schedule2, claims incurred

	Direct Business (Rs.) ('000)	Re-insurance (Rs.) ('000)
Claims paid during 2005-06	4,670	700
Claims payable 1-4-2005	763	87
31-3-2006	812	53
Claims received	-	230
Claims receivable 1-4-2005	-	65
31-3-2006	-	113
Expense of management (includes Rs.35 thousand surveyor's fees and Rs.45 thousand legal expense for settlement of claims)	230	

2. X Ltd., is negotiating to sell its business to Y Ltd., Its assets are agreed to be worth Rs.40,00,000. Its share capital consists of 10,000 equity shares of Rs.10 each and it has reserves of Rs.50,000. Workmen's compensation fund amounts to Rs.25,000 (estimated Liability 10,000) and Provident fund Rs.20,000. Employee's security deposits amount to Rs.10,000. Trade creditors amounted to Rs.80, 000. Ascertain the Purchase consideration, if it is paid 75% in Rs.10 equity shares of the Transferee Company and the balance in cash.
3. From the following ledger balances of Peoples bank Ltd., prepare profit and loss account.

Particulars	Rs.
Interest paid on deposits	1,60,520
Commission exchange and brokerage	44,240
Interest received	5,32,260
Discount on bills discounted	2,43,760
Salary and provident fund	40,000
Profit on sale of fixed asset	30,000
Printing and stationery	10,000
Postage and telephones	20,000

NOTE: Provide for taxation Rs.20,000 and rebate on bills discounted was Rs.14,380.

4. Write short notes on (a) Rebate on bills Discounted (b) NPA (c) Statutory Reserves.
5. Explain the objectives of financial reporting.

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6. The life fund of a life insurance company on 31.3.2006 showed a balance of Rs.54,00,000. However, the following items were not taken into account while preparing the Revenue A/c for 2005-06:

Interest and dividends accrued on investment	20,000
Income tax deducted at source on the above	6,000
Reinsurance claims recoverable	7,000
Commission due on reinsurance premium paid	10,000
Bonus in reduction of premiums	3,000

7. Vijay Ltd., went into liquidation with the following liabilities:

- (a) Secured - Rs.30,000; (securities realised - Rs.35,000)
 (b) Preferential creditors - Rs.700
 (c) Unsecured creditors - Rs.40,500

Liquidator's expenses are Rs.352. He is entitled to a remuneration of 4% on the amounts realised (including securities with creditors) and 2% on the amount distributed to unsecured creditors. The various assets realised Rs.36,000. Prepare the liquidator's final statement of account.

8. Spring field limited is absorbed by sports field limited, the consideration being

- 1) The taking over of trade liabilities of Rs.40,000
- 2) The payment of cost of absorption of Rs.15,000
- 3) The repayment of B debentures of spring field limited of 2, 00,000 at par,
- 4) The discharge of A debentures of Rs.3,00,000 in the vendor company at a premium of 10% by the issue of 8% debentures in sports field limited at par,
- 5) A payment of rupees 20 per share in cash and the exchange of 4 fully paid Rs.10 shares in sports field limited at a market price of Rs.15 per share for every 50 shares in Spring field limited which were 40,000 in number

You are required to calculate purchase consideration.

Section C

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

9. The following is the Balance sheet of XYZ Ltd., as on 31. 3.1976

Liabilities	Rs.	Assets	Rs.
20,000 shares of Rs.10 each	2,00,000	Land & buildings	1,00,000
Debentures	1,00,000	Plant & Machinery	1,50,000
Sundry creditors	30,000	Work – in – progress	30,000
Reserve fund	25,000	Stock	60,000
Dividend equalization fund	20,000	Furniture and fittings	2,500
Profit & Loss appropriation A/c	5,100	Sundry debtors	25,000
		Cash at Bank	12,500
		Cash in hand	100
	3,80,100		3,80,100

The company is absorbed by ABC Ltd., on the above date. The consideration for the absorption is the discharge of the debentures at a premium of 5%, taking over the liability in respect of sundry creditors and a payment of Rs.7 in cash and one share of Rs.5 in ABC Ltd., at the market value of Rs.8 per share in exchange for one share in XYZ Ltd., The cost of liquidation of Rs.5,000 is to be met by the purchasing company.

Pass journal entries in the books of both the companies. Show how the purchase price is arrived at.

- Hint: 1. Payment of Debenture holders should be shown in the purchasing company
 2. Expenses will be treated like reimbursement.

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10. From the following, you are required to prepare the Profit and Loss Account and the Balance Sheet of Madras Bank Ltd., as on 31.12.2020 according to Banking Regulation Act 1949.

Trail Balance as on 31-12.2020

	Rs. in Thousands	Rs. in Thousands
Issued capital: 20000 shares of Rs.100 each	-	2000
Money at call and short notice	800	-
Reserve fund	-	700
Cash in hand	650	-
Deposits	-	2500
Cash at bank	950	-
Borrowings from SBI	-	500
Investments in Government Securities	900	-
Secured loans	1500	-
Cash credits	500	-
Premises less depreciation	580	-
Furniture less depreciation	120	-
Rent	5	60
Interest and discount	-	800
Commission and brokerage	-	70
Interest paid on deposits	300	-
Salary and allowances paid to staff	150	-
Interest paid on borrowings	50	-
Audit fees	10	-
Directors' fees	8	-
Non-banking assets	80	-
Depreciation on bank's property	13	-
Printing	3	-
Advertisement	1	-
Stationery	5	-
Postage and Telegrams	2	-
Other expenses	3	-
	6,630	6,630

Adjustments:

- (a) Provide Rs.20,000 for doubtful debts.
 - (b) Provide Rs.10,000 on bills discounted but not matured on 31.12.2020
 - (c) Acceptance and endorsement on behalf of customers amounting to Rs.4,00,000
 - (d) Provide Rs.60,000 for taxes.
11. Give the Specimen form of Balance sheet of Insurance Company Accounts.
12. The following information is given to you regarding 'X' Ltd., for the financial year ended 31.3.2017

	1.4.2016 (Rs.)	1.4.2017 (Rs.)
Monetary Assets	80,000	80,000
Monetary Liabilities	1,00,000	1,00,000
Retail price index	200	300

Ascertain gain or loss on Monetary items.

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13. The capital of Henry Ford company Ltd. which went into liquidation was follows:

- (i) 4,000 equity shares of Rs.100 each, fully paid,
- (ii) 3,000 equity shares of Rs.100 each, Rs.80 per share paid up.
- (iii) 1,000 preference shares of Rs.100 each fully paid (these have preference in the repayment of capital)
- (iv) 1,000 deferred shares of Rs.100, Rs.80 per share paid up (these to be repaid only after satisfying the claims of equity shareholders).

The various creditors amounted in all to Rs.1,00,000 including the liquidator's remuneration of Rs.2,500. The liquidator made a call of the remaining Rs.20 per share on the deferred shares which was paid in full. He also realised all the assets amounting to Rs.1,91,000.

A call of Rs.15 per share was made on the equity shares which were partly paid up. This was paid in full, with the exception of that on 100 shares which shares forfeit the right of refund of capital.

Prepare the liquidator's account showing the return to the shareholders.
