

B.Com.(CS) DEGREE EXAMINATION, NOVEMBER 2018
II Year IV Semester
Core Major- Paper IX
CORPORATE ACCOUNTING II

Time : 3 Hours

Max.marks :75

Section A (10 × 2 = 20) Marks

Answer any **TEN** questions

1. Write short notes on human resources accounting.
2. What are Accounting Standards?
3. Define the term Amalgamation.
4. Who is secured creditor?
5. Machinery was purchased on 1-1-2000 for Rs. 30000 when the retail price index stood at 150. Restate the figure in current rupees on 31-12-2000 when the index stood at 200.
6. On 31st December 2007, the New Bank Ltd. held the following bills:

Date 2007	Amount (Rs.)	Term (Months)	Discount @ % p.a.
November 11	50,000	4	6
November 16	60,000	3	5
December 07	40,000	4	5½

7. Calculate premium for the current year from the following particulars.

	Rs.
Premium received on life policies during the year	40,00,000
Reinsurance premium	1,60,000
Bonus in reduction of premium	80,000
Premium outstanding at the end of last year	1,92,000
Premium outstanding at the end of current year	1,28,000

8. From the following calculate the claim amount to be shown in revenue account.

	Rs.
Total claims paid during the year	64,500
Outstanding claims at the beginning	13,500
Outstanding claims at the end	9,000
Reinsurance claim	12,500

9. Pass Journals in the books of ABC Bank Ltd. for the following transactions:

Adjusted interest and discount earned - Rs.40,00,000

Rebate on bills discounted - Rs.4,000

Unexpired discount at the end - Rs. 5,000

10. Compute the purchase consideration to be paid by X Ltd. to Y Ltd. from the following:

(a) The shareholders of Y Ltd. are to be paid Rs.50 in cash and offer of 4 shares of Rs.20 each in X Ltd. for every share of Y Ltd. Y Ltd has 50,000 equity shares outstanding.

(b) The cost of liquidation Rs.25,000 is to be borne by X Ltd

11. 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?

12. From the following calculate liquidators remuneration, which is 2% on assets realized and 3% on amount distributed to unsecured creditors

	Rs.
Assets realized (including cash Rs.6,000)	2,00,000
Amount available for distribution to unsecured creditors before liquidator's remuneration	92,700

Section B ($5 \times 5 = 25$) Marks

Answer any **FIVE** questions

13. Explain clearly accounting for price level changes under CPP method.
 14. Explain the terms Amalgamation, Absorption and External Reconstruction.
 15. From the following calculate cost of sales adjustments:

Particulars	Historical AccountsRs.	Index of Goods
Opening stock at 1.1.2008	80,000	180
Purchase in 2008	2,40,000	198(Average)
Total available for sale	3,20,000	-
Less: Closing stock on 31. 12.2008	1,00,000	220
	2,20,000	

16. The revenue account of a life insurance company shows the life assurance fund on 31.3.2008 at Rs.62,21,310 before taking the following into account:

	Rs.
Claims covered under reinsurance	12,000
Bonus utilised in reduction of premium	4,500
Interest accrued on securities	8,260
Outstanding premium	5,410
Claims intimated but not admitted	26,500

What is the correct life assurance fund?

17. From the following calculate the net profit earned by a bank:

	Rs.
Interest earned	37,01,738
Other Incomes	4,55,000
Interest expended	20,37,452
Operating expenses	4,80,286
Provisions and contingencies	13,00,000
Transfer to statutory reserve	67,800
Transfer to proposed dividend	1,00,000
Balance carried over to Balance Sheet	1,71,200

18. Ram Ltd., agreed to purchase the business of Kumar Ltd., on the following terms:

For each of the 10,000 shares of Rs. 10 each in Kumar Ltd., 2 shares in Ram Ltd., of Rs. 10 each will be issued at an agreed value of Rs.12 per share.

In addition, Rs.4 per share cash also will be paid.

8% Debenture worth Rs. 80,000 will be issued to settle Rs. 60,000 9% Debentures in Kumar Ltd.

Rs. 10,000 will be paid towards expenses of winding up.

Calculate the Purchase consideration.

19. Nirmal Ltd., went into voluntary liquidation. On that date preferential creditors stood at Rs.25,000 ; unsecured creditors Rs.58,000; 6% Debentures Rs.30,000. The assets realized Rs.80,000. The expenses of liquidation Rs.1,500. And the liquidators remuneration was agreed at $2\frac{1}{2}\%$. On assets realized and 2% on the amount paid to the unsecured creditors including preferential creditors. Show the liquidators final statement of account

Section C ($2 \times 15 = 30$) Marks

Answer any **TWO** questions

20. M Ltd and N Ltd agreed to amalgamate on the basis of the following Balance Sheet as on 31.3.2006.

Liabilities	M Ltd Rs.	N Ltd Rs.	Assets	M Ltd Rs.	N Ltd Rs.
Share capital: Rs.25 each	75,000	50,000	Goodwill	30,000	--
Profit & Loss a/c	7,500	2,500	Fixed Assets	31,500	38,800
Creditors	3,500	3,500	Stock	15,000	12,000
Depreciation Fund	--	2,500	Debtors	8,000	5,200
			Bank	1,500	2,500
	86,000	58,500		86,000	58,500

The assets and liabilities are to be taken over by a new company formed called P Ltd at book values. P Ltd capital is 10,000 equity shares of Rs.10 each and 10,000. 9% preference shares of Rs.10 each. P 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 P Ltd and prepare the balance sheet.

21. From the following balances of Saraswathi Bank Ltd. as on 31.12.2000. Prepare Balance Sheet in the prescribed form

	Rs.
Paid up share capital (share of Rs.100 each full paid)	20,00,000
Bills discounted	18,00,000
Reserve fund	7,70,000
Cash credit	20,00,000
Overdraft	8,00,000
Unclaimed dividend	10,000
Loans	46,00,000
Current deposits	38,00,000
Furniture	40,000
Profit and Loss a/c (CR)	2,20,000
Stamps and stationery	10,000
Cash in hand	5,00,000
Cash with RBI	13,00,000
Branch adjustment (DR)	1,70,000
Investments	9,50,000
Loans (CR)	12,00,000
Recurring Deposits	10,00,000
Fixed Deposits	20,00,000
Cash certificates	10,00,000
Contingency Reserve	1,70,000

Adjustments :

Rebate on Bills discounted Rs.10,000

Provide Rs.80,000 for doubtful debts

Banks acceptances on behalf on customers were Rs.6,50,000.

22. LT limited went into liquidation with the following liabilities (securities realized Rs.50,000).

Secured creditors Rs.40,000

Preferential creditors Rs.1,200

Unsecured creditors Rs.61,000

Liquidation expenses of Rs.500

The liquidation is entitled to a remuneration of 3% on the amount realized (including securities in the hands of secured creditors) and 1.5% on the amount distributed to the unsecured creditors. The various assets realized (excluding securities in the hands of the secured creditors) realized Rs.52,000
Prepare liquidators statement of a/c showing the payment made to unsecured creditors.

23. The following balances form part of the books of Bharath Insurance Co; as on 31.3.2008.

	Rs.
Life fund on 1.4.2007	15,70,562
Claims by death	1,16,980
Claims by maturity	96,420
Premiums	2,70,572
Management expenses	29,890
Commission	36,541
Consideration for Annuities granted	10,620
Interest, Dividend and Rent	52,461
Income tax on Profits	3,060
Surrenders	21,768
Annuities	29,420
Bonus paid in cash	9,450
Bonus paid in reduction premium	3,500
Preliminary expenses	600
Claims admitted but not paid	80,034
Annuities due but not paid	22,380
Capital paid up	6,00,000
Government Securities	16,90,890
Sundry Assets	5,68,110

Additional relevant data:

Claims covered under reinsurance Rs. 10,000

Further claims intimated Rs. 8,000

Further bonus utilized in reduction of premium Rs. 1,500

Interest accrued Rs. 15,400

Premium outstanding Rs. 7,400

Prepare revenue account and balance sheet in the prescribed manner.