

B.Com DEGREE EXAMINATION, APRIL 2019
II Year IV Semester
Corporate Accounting - II

Time : 3 Hours

Max.marks :75

Section A ($10 \times 2 = 20$) Marks

Answer any **TEN** questions

1. What is 'Corporate Financial Reporting of an enterprise?
2. State the need for human resource accounting.
3. What is MWCA?
4. What do you mean by Life Assurance Fund?
5. A life assurance fund of Rs 50,00,000 was ascertained without taking into account the following:
 - a. Claims covered under reinsurance Rs 36,000
 - b. Reinsurance premium Rs 30,000
 Calculate the correct life assurance fund.
6. What is money at call and short notice? Explain.
7. What is voluntary winding up?
8. What is 'Pooling of interest method' ?
9. What do you mean by Non-Performing Assets?
10. Calculate rebate on bills discounted as on 31 march 2000:

Date of bill	Amount	Period	Rate of discount
15.01.2000	25,000	5 months	8%

11. Calculate the Net Claim to be debited to revenue account of an Insurance Company:

Particulars	Amount(Rs.)
Claims paid for the year ended 31.3.2006	11,50,000
Claims outstanding on 1.4.2005	1,10,000
Claims outstanding on 31.3.2006	1,96,000
Claims covered under reinsurance	56,000

12. What is bonus in reduction of premium?

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

Answer any **FIVE** questions

13. The Revenue Account of a Life Insurance Company showed a balance of Rs. 9,50,000 at the end of 2016-2017, before considering the following items:

Particulars	Amount (Rs.)
Bonus in reduction of premium	80,000
Outstanding premiums	2,00,000
Interest accrued on investment	40,000
Claims intimated but not admitted	70,000
Claims recovered under reinsurance	6,000

Calculate the correct life assurance fund.

14. From the information given below, calculate the liquidator's remuneration at 2 percent on the assets realised and 3 percent on the amount distributed among the unsecured creditors:

Particulars	Amount (Rs.)
Assets realised	35,00,000
Liquidation expenses	25,000
Preferential creditors	75,000
Secured creditors	20,00,000
Unsecured creditors	15,00,000

15. Lalitha Ltd. agreed to absorb the business of Mala Ltd. The purchase consideration was as under:

- For every 4, 10 per cent preference shares of Rs 10 each in Mala Ltd. seven equity shares of Rs 10 each in Lalitha Ltd. as Rs. 8 paid up. There were 60,000, 10 percent preference shares in Mala Ltd.
- For every 3 equity shares of Rs.10 each in Mala Ltd. eight equity shares in Lalitha Ltd. as Rs10 paid up . There were 90,000 equity shares in Mala Ltd.

Calculate the purchase consideration.

16. While closing its books of accounts a commercial bank has its advances classified as follows:

Particulars	Rs.(in lakhs)
Standard assets	48,000
Sub-standard assets	2,400
Doubtful debts – upto one year	1,600
One to three years	1,200
More than three years	800
Loss assets	1,800

You are required to calculate the amount of provision to be made by the bank:

- If the doubtful assets are secure;
 - If the doubtful assets are unsecured.
17. A company started with a capital of Rs 1,00,00,000 which was invested in urban land on 1st Jan. 2013 on that date the general price index was 100 and specific price index for land was 200. The company had no other transaction and it sold the land on 1st Jan.2018 on which date the general price index was 180 and the specific price index was 420. The sale price of the land was Rs 3,60,000.
- Ascertain profits under:
- Historical Cost Accounting Method
 - Current Cost Accounting Method
 - Current Purchasing Power Method
18. Explain the various methods of accounting for price level changes.
19. Explain the scope of accounting standards.

Section C ($2 \times 15 = 30$) MarksAnswer any **TWO** questions

20. Mr. X has been appointed as Liquidator of ABC Ltd. Balance sheet at the time of liquidation as on 1 st Jan. 2017 is given below:

Balance sheet of ABC Ltd.as on 1st Jan. 2017

Liabilities	Rs.	Assets	Rs.
Equity share capital(Rs.10)	2,00,000	Fixed assets	2,00,000
Debentures	1,00,000	Stock	25,000
Loans	50,000	Sundry debtors	1,25,000
creditors	50,000	Cash	5,000
		Profit and loss a/c	45,000
	4,00,000		4,00,000

Fixed assets are sold for Rs. 1,20,000 to a debenture holder holding Rs. 40,000 debentures and cash is received after set off. Cash realised from debtors were Rs80,000 and the liquidation expenses amounted to Rs.1,000. Liquidator is paid Rs.1,000 fixed allowance plus 2 per cent commission on collection including cash in hand as remuneration. Stock is sold for Rs 10,000.

Prepare the liquidators final statement of account.

21. From the following information , relating to Anna Bank Ltd , prepare profit and loss account for the year ending 31 march 2017 along with necessary schedules in the revised format.

Particulars	Rs. (in '000)
Interest and discount earned	31,628
Income on investments	11,810
Interest received on balance with RBI	4,243
Commission, exchange and brokerage	2,907
Profit on sale of investments	114
Interest on deposits	31,404
Interest on RBI loan paid	3,362
Salaries to employees	9,717
Rent , taxes and lighting	1,168
Depreciation on bank property	379
Director's fees	7
Auditors fees	41
Law charges	22
Postages, telegrams, telephone, etc.	403
Other expenditures	1,779
Balance of profit b/d from last year	1,000

Adjustments:

- Make a provision for I.T @ 51.75 percent on profit.
 - Transfer 25 percent of profit to statutory reserve and 5 percent to revenue reserve.
 - Transfer to proposed dividend Rs. 2,00,000.
22. The following balance are abstracted from the books of National Life Insurance Co. Ltd as on 31 march 2016:

Particulars	Rs.	Particulars	Rs.
Life insurance fund on 1.04.2015	30,00,000	Annuities	4,100
Premiums	9,92,000	Bonus in reduction of premium	3,200
Consideration for annuities granted	30,000	Medical fees	4,800
Interest and dividend	2,00,000	Surrenders	8,000
Fines for revival of policies	1,500	Commission	37,300
Reinsurance premium	41,500	Management expenses	44,000
claims outstanding on 1.4.2015	9,000	Income tax on dividends	17,000
claims paid during the year	1,29,800		

Prepare revenue account after making the following adjustments:

Adjustments	Rs.
Outstanding claims	28,000
Outstanding premiums	9,200
Further bonus for premium	4,800
Claims under reinsurance	16,000

23. Raman Ltd and Shylu Ltd have agreed to amalgamate. A new company Rakesh Ltd has been formed to take over the combined concern as on 31st December 2018. After negotiations the assets of the two companies have been agreed upon as follows:

Liabilities	Raman Ltd (Rs.)	Shylu Ltd (Rs.)	Assets	Raman Ltd (Rs.)	Shylu Ltd (Rs.)
Share capital: Shares of Rs. 10 each	10,00,000	5,00,000	Land and building	5,00,000	3,00,000
Reserve fund	-	50,000	Plant and machinery	2,00,000	2,50,000
Profit and loss a/c	50,000	50,000	Goodwill	-	50,000
Creditors	80,000	50,000	Furniture	1,10,000	-
			Stock	1,50,000	20,000
			Debtors	1,20,000	20,000
			bank	50,000	10,000
	11,30,000	6,50,000		11,30,000	6,50,000

Prepare the balance sheet of Rakesh Ltd assuming:

- The entire purchase price is paid off in the form of equity shares of Rs.100 each in Rakesh Ltd
- The amalgamation is in the nature of merger.