

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

Time : 3 Hours

Max.marks :75

Section A (10 × 2 = 20) Marks

Answer any **TEN** questions

1. What is meant by Human Resource Accounting?
2. What is meant by Accounting Standards?
3. What is meant by Financial Practices?
4. Raman Ltd., agrees to purchase the business of Krishnan Ltd., on the following terms:
 - (a) For each of the 10,000 shares of Rs.10 each in Krishnan Ltd, 2 shares of Raman 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.
 - (b) 8% Debentures worth Rs.80,000 will be issued to settle the Rs.60,000 9% debentures in Krishnan Ltd.
 - (c) Rs.10,000 will be paid towards expenses of winding up.
 Calculate the purchase consideration.
5. The Trial Balance of the Nedungadi Bank Ltd., as on 30th June 1984 shows the following balances.

Interest and discount – Rs. 45,40,600
 Rebate on bills discounted (1.7.83) – Rs.4,750
 Bills discounted and purchased – 3,37,400.

 The unexpired discount as on 30.6.84 is estimated to be Rs.5,560. Calculate the amount of interest and discount to be credited to P&L A/C.
6. On 31st March 1998, 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.
7. What is meant by Double Insurance?
8. List out the different methods of inflation accounting.
9. From the following details compute appropriate conversion factors.
 General price index numbers -opening 200; closing -300; average for the year -240.
10. Write the two methods of accounting for amalgamation.
11. Write the journal entry for Purchase Consideration payable.
12. What is meant by Liquidation?

Section B ($5 \times 5 = 25$) MarksAnswer any **FIVE** questions

13. What are the main objectives of Human Resource Accounting?
14. From the following particulars, prepare a P&L a/c of New Bank Ltd., for the year ended 31.12.1996.

Particulars	Rs	Particulars	Rs
Interest on loans	2,60,000	Interest on cash credit	2,25,000
Interest on fixed deposits	2,80,000	Rent & taxes	20,000
Rebate on bills discounted	50,000	Interest on overdrafts	56,000
Commission charged to customers	9,000	Directors' and Auditors' fees	4,000
Establishment expenses	56,000	Interest on savings bank account	70,000
Interest on current accounts	45,000	Postage and telegrams	2,000
Discount on bills discounted	2,00,000	Sundry charges	2,000
Printing and advertisement	3,000		

15. A Life Assurance Company prepared its Revenue A/C for the year ended 31.3.2006 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 premium 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.
- What is the true Life Assurance Fund?
16. A real estate company started with a capital of Rs.50,00,000 which was invested in urban land on 1-1-90. On that date the general price index was 100 and specific price index for land was 200. The company had no other transactions and it sold the land on 1-1-95 on which date the general price index was 180 and the specific price index was 420. The sale price of the land was Rs.1,80,00,000. You are required to ascertain profit under Historical cost method.
17. The Insol Ltd., is to be liquidated. Their summarised Balance Sheet as on 30th Sep.2003 appears as under:

Liabilities	Rs.	Assets	Rs
2,50,000 equity shares of Rs.10 each	25,00,000	Land & Buildings	5,00,000
Secured debentures(on land & buildings)	10,00,000	Other fixed assets	20,00,000
Unsecured loans	20,00,000	Current assets	45,00,000
Trade creditors	35,00,000	P&L a/c	20,00,000
	90,00,000		90,00,000

Contingent liabilities are:

For bills discounted – 1,00,000

For excise duty demands – 1,50,000

On investigation, it is found that the contingent liabilities are certain to devolve and the assets are likely to be realised as follows:

Land & Buildings – 11,00,000

Other fixed assets – 18,00,000

Current assets – 35,00,00

Taking the above into account, prepare the statement of affairs.

18. A liquidator is entitled to receive remuneration @ 2% of the assets realised and 3% on the amount distributed among the unsecured creditors. The assets realised Rs.70,00,000 against which payment was made as follows:

Liquidation expenses –Rs.50,000

Preferential creditors – Rs.1,50,000

Secured creditors – Rs.40,00,000; Unsecured creditors – Rs.30,00,000.

Calculate the total remuneration payable to the liquidator.

19. S Ltd was taken over by R Ltd. The following position was mutually agreed upon:

	S Ltd	R Ltd
No. of Shares	60,000	90,000
Face value of share	100	10
Net assets	3,60,00,000	72,00,000

Ascertain Intrinsic values of the shares, ratio of exchange of shares and No of shares to be issued.

Section C (2 × 15 = 30) Marks

Answer any **TWO** questions

20. Explain the need and significance of Accounting standards.
21. On 31st Dec 1986 the following balances stood in the books of Asian Bank Ltd. After preparation of P&L A/C.

Particulars	Rs
Share capital: Issued & Subscribed	4,000
Reserve Fund(under section 17)	6,200
Fixed deposits	42,600
Savings bank deposits	19,000
Current Account	23,200
Money at call and short notice	1,800
Investments	25,000
Profit & Loss A/C(cr) 1 st Jan 1986	1,350
Dividend for 1985	400
Premises	2,950
Cash in hand	380
Cash with RBI	10,000
Cash with other banks	6,000
Bills discounted and purchased	3,800
Loans, cash credits and overdrafts	51,000
Bills payable	70
Unclaimed dividend	60
Rebate on bills discounted	50
Short loans (borrowing from other banks)	4,750
Furniture	1,164
Other assets	336
Net profit for 1986	1,550

Prepare balance sheet of the bank as on 31-12-1986.

22. From the following balances extracted from the books of the L.I.C as on 31-3-06, prepare a Revenue A/c for the year ending 31-3-2006 in the prescribed form:

Particulars	Rs (in '000)	Particulars	Rs (in '000)
Claims by death	3,30,000	Life Assurance Fund (1.4.05)	63,31,000
Claims by maturity	2,15,000	Premiums	20,65,000
Agents and canvasser's allowance	26,500	Bonus in reduction of premium	1,000
Salaries	44,200	Income tax on interest and dividends	5,700
Travelling expenses	1,200	Printing & stationery	13,900
Director's fees	8,700	Postage & telegrams	14,300
Auditor's fees	1,000	Receipt stamps	2,300
Medical fees	52,000	Reinsurance premium	40,950
Commission	2,18,000	Interest & dividends (gross)	2,72,000
Rent	2,800	Policy renewal fees	9,600
Law charges	200	Assignment fees	540
Advertising	4,300	Endowment fees	690
Bank charges	1,500	Transfer fees	1,400
General charges	2,000	Surrenders	47,500

Provide Rs.1,500 thousands for depreciation of furniture and Rs.2,20,000 thousands for depreciation on investments.

23. The following particulars relate to a limited company which has gone into voluntary liquidation. You are required to prepare the liquidator's final account allowing for his remuneration @ 3% on the amount realised and 2.5% on the amount paid to the unsecured creditors.

Share capital issued:

5,000 preference shares of Rs.100 each (fully paid)

30,000 equity shares of Rs.10 each fully paid

12,000 equity shares of Rs.10 each, Rs.8 paid up.

Assets realised Rs.9,24,000 excluding amount realised by sale of securities held by the secured creditors.

Preferential creditors - 24,000

Unsecured creditors – 8,51,094

Secured creditors (security realised Rs.1,62,000) – 1,38,000

Debentures having a floating charge on the assets – 3,00,000

Expenses of liquidation amounted to Rs.9,000

A call of Rs.2 per share on the partly paid equity shares was duly paid except in case of one shareholder owing 1,200 shares.