

B.Com DEGREE EXAMINATION, NOVEMBER 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. Write a note on Human Resource Accounting.
2. What do you mean by Life Insurance?
3. Write a short note on rebate on bills discounted.
4. Give the meaning of merger.
5. What is liquidation?
6. Calculate the net claims to be debited to revenue A/c of an Insurance company:

Claims paid for the year ended 31.3.16	5,75,000
Claims outstanding on 1.4.15	55,000
Claims outstanding on 31.3.16	98,000
Claims covered under reinsurance	28,000
7. On 31.12.2017 Mohan Bank Ltd has the following bills in its port folio. All the bills are discounted at 5%

Amount in Rs	Due date
50,000	31.1.1997
40,000	30.4.97
30,000	3.3.97

Calculate rebate on bills discounted, assuming accounts are closed on 31st December.
8. Lee Ltd. agreed to absorb Bee Ltd. by paying Rs. 10,00,000 to the shareholders. In addition they agreed to settle 1,000 8% Debentures of Rs. 100 each in Bee Ltd. at 20% premium by issuing their own debentures of Rs. 100 each at 96%. Ascertain the Face value and actual issue value of debentures to be issued.
9. Ascertain the remuneration payable to the liquidator from the following information:

Secured creditor	Rs.50,000 (Securities realized by secured creditors: Rs. 60,000)
Assets realized	Rs.80,000
Liquidator's remuneration:	3% on the amounts realized.
10. X Ltd. was formed to acquire the businesses of Bharath Ltd. and Sarath Ltd. Sarath Ltd had a share capital of Rs.5,00,000, General reserve of Rs.2,00,000. It accepted a purchase consideration of Rs.6,35,000. Bharath Ltd.'s capital was Rs.16,00,000 and Reserves Rs.7,00,000 and the agreed upon purchase price was Rs.22,30,000.

Determine the Reserves to be shown in the books of X Ltd., if the amalgamation is in the nature of merger.
11. A life assurance fund of Rs. 25,00,000 was ascertained without taking into account the following:

Claims covered under re-insurance	Rs. 18,000
Reinsurance premium	Rs. 15,000

Calculate correct life assurance fund.

12. Calculate the rebate on bills discounted from the following information
11th November 2015 Rs.50,000 for 4 months @ 6% p.a. discounting rate.

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

Answer any **FIVE** questions

13. List-out the objectives of human resource accounting.
14. Explain various methods of computing purchase consideration.
15. The Life fund of a life insurance company on 31.3.2017 showed a balance of Rs. 54,00,000. However, the following items were not taken into account while preparing the revenue A/c for 2016-17. Ascertain the correct life fund balance.

	Rs.
a) Interest and dividend accrued on investments	20,000
b) Income tax deducted at source on the above	6,000
c) Reinsurance claim recoverable	7,000
d) Commission due on reinsurance premium paid	10,000
e) Bonus in reduction of premium	3,000.

16. The trial balance of the Oxford Bank Ltd., as on 30th June 2014 shows the following balances:

Interest and discount	45,40,600
Rebate on bills discounted (1.7.2013)	4,750
Bills discounted and purchased	3, 37,400

The unexpired discount as on 30.6.2014 is estimated to be Rs. 5,560. Draft necessary adjusting entries.

17. The following particulars relate to a company which went into voluntary liquidation:

Preferential creditors	25,000
Unsecured creditors	58,000
6% debentures	30,000

The assets realized Rs. 80,000. The expenses of liquidation amounted to Rs. 1,500 and the liquidators remuneration was agreed at 2.5% on the amount realized and 2% on the amount paid to unsecured creditors including preferential creditors.

Show the liquidators final statement of account.

18. Sunil Ltd. having a capital of Rs. 10,00,000 divided into 10,000 shares of Rs. 100 each (Rs. 75 paid up) and a reserve fund of Rs. 2,50,000 was absorbed by National Co. Ltd. having a capital of Rs. 40,00,000 divided into 40,000 shares of Rs. 100 each (Rs.60 Paid up) and a reserve fund of Rs. 16,00,000 on the terms that for every four shares in Sunil Ltd.; National Co. Ltd. was to give five shares partly paid as its original ones.

Prepare ledger accounts to close the books of Sunil Ltd.

19. The following information is given to you regarding X Ltd., for the financial year ended 31.3.2017

	1.4.2016	31.3.2017
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.

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

20. Mohan and Hasan Ltd. have agreed to amalgamate. A new company Rajesh Ltd., has been formed to take over the combined concern as on 31st December 2015. After negotiations, the assets of the two companies have been agreed upon as shown below:

Liabilities	Mohan Ltd. (Rs.)	Hasan Ltd. (Rs.)	Assets	Mohan Ltd. (Rs.)	Hasan Ltd. (Rs.)
Share capital: Shares of Rs. 10 each.	10,00,000	5,00,000	Land & Buildings	5,00,000	3,00,000
Reserve fund	-	50,000	Plant & Machinery	2,00,000	2,50,000
P&L 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 balance sheet of Rajesh Ltd., assuming

The entire purchase price is paid off in the form of equity shares of Rs. 100 each in Rajesh Ltd.

The amalgamation is in the nature of merger.

21. From the following information prepare Company's revenue a/c and its Balance sheet.

	Rs. In '000
Paid up share capital (1,00,00,000 shares of Rs. 10 each)	1,00,000
Life assurance fund on 1.4. 2015	29,72,300
Dividend paid	15,000
Bonus to policy holders	31,500
Premium received	1,01,500
Claims paid	1,97,000
Commission paid	9,300
Management expenses	32,300
Mortgages in India	4,92,200
Interest & dividend received	1,72,700
Agents balances	9,300
Freehold premises	40,000
Investments	23,05,000
Loan on company's policies	1,73,000
Cash on deposit	27,000
Cash in hand	7,300
Surrenders	7,000

Additional information: ('000)

Claims admitted but not paid	9,300
Management expenses due	200
Interest accrued	19,300
Premiums outstanding	12,000.

22. On 31st December 2015. The following balances stood in the books of Asian Bank Ltd., after preparation of its profit & loss Account.

	(Rs. In '000')
Share capital: Issued and subscribed	4,000
Reserve fund	6,200
Fixed deposits	42,600
Savings bank deposits	19,000
Current accounts	23,200
Money at call and short notice	1,800
Investments	25,000
Profit & loss A/c (cr) 1st January 2015	1,350
Dividend for 2014	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 over drafts	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 2015	1,550

Prepare balance sheet of the bank as on 31st December 2015.

23. A Company went in to voluntary liquidation on 31.3.2014: when the following Balance Sheet was prepared:

Liabilities	Rs.	Assets	Rs.
Authorized capital: 4,000 shares of Rs.10 each	40,000	Goodwill	6,960
Issued capital: 3,000 shares of RS. 10 each	30,000	Freehold premises	5,000
Unsecured creditors	15,432	Machinery	7,480
Partly secured creditors	5,836	Stock	11,710
Preferential creditors	810	Debtors	9,244
Bank overdraft (unsecured)	232	Cash	100
		Profit & Loss A/c	11,816
	52,310		52,310

The liquidator realized the assets as follows:

Freehold property (which was used in the first instance to pay the partly secured creditors Pro-rata) Rs. 3,600; Machinery Rs. 5,000; Stock Rs. 6,200; Debtors Rs. 8,700; Cash Rs. 100.

The expenses of liquidation amounted to Rs. 100 and the liquidator's remuneration was agreed at 2.5% on the amount realized including cash and 2% on the amount paid to unsecured creditors.

Prepare the liquidator's final statement of account.