

B.Com. DEGREE EXAMINATION, APRIL 2020
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 Human resource accounting?
2. Define Accounting Standards.
3. What is financial reporting?
4. Compute commission expenses to be derived in schedule 2 of a life insurance company.

Commission on direct business	-	Rs.93,000
Commission on reinsurance accepted	-	Rs.40,000
Commission on reinsurance ceded	-	Rs.50,000
5. What are non-banking assets?
6. R Ltd agrees to purchase the business of K Ltd., on the following terms:
 - a) For each of the 10,000 shares of Rs.10 each in K Ltd. 2 shares in 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 K Ltd.
 - c) Rs.10,000 will be paid towards expenses of winding up. Calculate the purchase consideration.
7. What is meant by Annuity?
8. Give the meaning of Double Insurance.
9. What is Purchase consideration?
10. Who are preferential creditors?
11. The liquidator of X & Co. Ltd. is entitled to get a remuneration of 3% on the amount realised from the assets and 2% on the amount distributed to the unsecured creditors. Calculate the remuneration payable.

Cash realised from the assets	-	Rs. 3,00,000
Preferential creditors	-	Rs. 10,000
Amount due to unsecured creditors	-	Rs. 4,00,000
12. What is liquidation of a Company?

Section B (5 × 5 = 25) Marks

Answer any **FIVE** questions

13. 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 (1) Historical cost (2) CCA method and (3) CPP method.

14. What is pooling of interests method in the context of AS – 14?
15. 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:

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

Find out the correct Life Assurance Fund.

16. On 1.1.1990 the rebate on bills discounted account of a bank showed a credit balance of Rs.1,00,000. On 31.12.1990, the discount account showed a credit balance of Rs.15,00,000 before adjusting unexpired discount. The bills discounted outstanding showed on 31.12.1990 were Rs.2 crores with average maturity date of January 31,1991 and they were all discounted at 12% p.a. Write adjustment entries and relevant ledger accounts to record these items and also show how these items will appear in the final accounts of the bank.
17. Explain the methods of accounting for amalgamations?
18. Following is the balance sheet of Samy Ltd. as on 31.3.2004.

Liabilities	Rs.	Assets	Rs.
Share capital:		Fixed assets	16,25,000
8% Preference shares of Rs.100 each	3,75,000		
Equity shares of Rs.10 each	7,50,000	Investments	3,00,000
General reserve	4,50,000	Current assets	2,50,000
7% Debentures	3,50,000		
Current liabilities	2,50,000		
	21,75,000		21,75,000

Romy Ltd. agreed to takeover the business of Samy Ltd. Calculate purchase consideration under Net assets method on the basis of the following:

- (a) Romy Ltd. agreed to discharge 7% debentures at a premium of 10% by issuing 9% debentures of Romy Ltd.
- (b) Fixed assets are to be valued at 10% above book value, the investments at par, and current assets at 10% discount and current liabilities at book value.
19. A liquidator is entitled to receive remuneration @ 2% of the assets realised and 3% on the amount distributed among 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.

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

20. Prepare in the proper statutory form, the revenue account of the Jai Hind Life Assurance Co. Ltd., for the year ended 31st March 2006 from the following figures:

	Rs.		Rs.
Claims by death	76,140	Expenses of management	31,920
Claims by maturity	30,110	Commission	9,574
Premiums	7,05,690	Interest, dividend & rent	97,840
Transfer fees	129	Income tax thereon	35,710
Consideration for annuities granted	82,127	Surrenders	13,140
Annuities paid	53,461	Bonus in reduction of premium	980
Bonus paid in cash	2,416	Dividend paid to shareholders	5,500
Life assurance fund (1.4.2005)	15,21,000		

Paid up share capital of the above life assurance company is Rs.5,00,000 and net liability as per actuary valuation is Rs.11,05,000 as on 31.3.06. Prepare a Valuation Balance Sheet of the Company as on that date.

21. From the following information relating to Lakshmi Bank Ltd., prepare the Profit & Loss A/c for the year ended 31st Dec 1987.

	Rs.		Rs.
Rent received	72,000	Salaries and allowances	2,18,800
Exchange and commission	32,800	Postage	5,600
Interest on fixed deposits	11,00,000	Sundry charges	4,000
Interest on saving bank A/c	2,72,000	Director & auditor fee	16,800
Interest on overdraft	2,16,000	Printing	8,000
Discount on bills discounted	7,80,000	Law charges	3,600
Interest on current accounts	1,68,000	Locker rent	1,400
Interest on cash creditors	8,92,000	Transfer fees	2,800
Depreciation on bank property	20,000	Interest on loans	10,36,000

22. M Ltd., and N Ltd., agreed to amalgamate on the basis of the following Balance sheet as on 31.3.1997.

Liabilities	M Rs.	N Rs.	Assets	M Rs.	N Rs.
Share capital Rs.25 each	75,000	50,000	Goodwill	30,000	-
P & L 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 Rs.2,00,000 divided into 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 the any balance of purchase price.

Pass journal entries in the books of P Ltd., and prepare its balance sheet, if the amalgamation is in the nature of purchase.

23. A company went into the voluntary liquidation on 31.3.1998: When the following balance sheet was prepared:

Liabilities	Rs.	Assets	Rs.
Authorised capital: 4,000 shares of Rs.10 each	40,000	Goodwill	6,960
3000 shares of R.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 realised 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 liquidation remuneration was agreed at 2.5% on the amount realised including cash and 2% on the amount paid to unsecured creditors.

Prepare the liquidation final statement of account.