

**B.Com(CS) 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 are the various methods of valuation of Human Resource Accounting?
2. What is Reporting enterprise?
3. Explain the term 'Non Performing Assets'.
4. Write short notes on Purchase consideration
5. What do you mean by external reconsideration?
6. Who are the preferential creditors?
7. Compare the amount to be appropriated out of premium for reserve for unexpired risk from the following information relating to Marine Insurance  
Premium received during the year ended 31.3.06 – Rs.9,00,000  
Reinsurance premium paid – Rs.50,000  
Outstanding premium – Rs.1,50,000
8. Lal Ltd agreed to absorb the business of Mal Ltd the purchase consideration was as under:  
For every 4, 10% preference shares of Rs.10 each in Mal Ltd. 7 equity shares of Rs.10 each in Lal Ltd as Rs.8 paid up. There were 60,000 10% preference share in Mal Ltd.
9. On the date of liquidation of a company, the salaries for four clerks for four months at the rate of Rs.7,000 p.m and salaries of four peons for three months at the rate of Rs.1,500 p.m are outstanding. You are required to calculate the amount to be included in preferential creditors and unsecured creditors.
10. Calculate liquidator's remuneration from the following particulars:  
Assets realised :Rs.6,30,000 including cash balance: Rs.30,000 Liquidator's remuneration:2% on the assets realised.
11. On 31.12.1996 Axis Bank Ltd has the following bills in its port folio. All the bills are discounted at 5%:  
Amount in Rs: 50,000 40,000 30,000  
Due date 31.1.97 30.4.97 03.3.97  
You are required to calculate the provision for bills discounted.
12. Calculate the net claim to be debited to Revenue a/c of an insurance company:  
Claims paid for the year ended 31.3.06 Rs.5,75,000  
Claims outstanding on 1.4.05 Rs.55,000  
Claims outstanding on 31.3.06 Rs.98,000  
Claims covered under reinsurance Rs.28,000

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

13. Give the meaning and significance of Human Resource Accounting
14. What are the objectives of financial reporting in detail
15. R Ltd agree to purchase the business of K Ltd., on the following terms:
- For each of the 10,000 shares of Rs.10 each in K Ltd 2 shares in R 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% Debentures worth Rs.80,000 will be issued to settle the Rs.60,000 9% debentures in K Ltd
  - Rs.10,000 will be paid towards expenses of winding up

Calculate the purchase consideration

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

|                        |           |
|------------------------|-----------|
| Preferential creditors | Rs.25,000 |
| Unsecured creditors    | Rs.58,000 |
| 6% debentures          | Rs.30,000 |

The assets realised Rs.80,000. The expenses of liquidation amounted to Rs.1,500 and the liquidator's remuneration was agreed at 2.5% on the amount realised and 2% on the amount paid to unsecured creditors including preferential creditors. Show the liquidator's final statement.

17. Calculate the net profit earned by S Bank Ltd for the data given below for the year ended 31.3.2013.

|                            |             |
|----------------------------|-------------|
| Interest earned            | Rs.5,00,000 |
| Other Income               | Rs.37,000   |
| Interest expended          | Rs.3,40,000 |
| Operating expenses         | Rs.1,05,000 |
| Rebate on bills discounted |             |
| On 1.4.2012                | Rs.48,000   |
| On 31.3.2013               | Rs.52,000   |

18. Form the following, prepare the fire revenue a/c for 2015-16

|                                          | Rs        |
|------------------------------------------|-----------|
| Claims (net)                             | 10,20,000 |
| Premiums received                        | 24,00,000 |
| Reinsurance premium                      | 2,40,000  |
| Commission                               | 4,00,000  |
| Expenses of Management                   | 4,20,000  |
| Provision for unexpired risk on 1.4.2015 | 13,00,000 |

19. From the following details compute the appropriate conversion factors

- General price index numbers – Opening 200; Closing 300; average for the year 240
- General price index numbers – at the end of the year 200. On the date of acquiring an item of stock 120. On the date of acquiring an asset 150.

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

20. From the following is the Balance sheet of K Ltd as on 31.12.2015

| Liabilities                           | Rs     | Assets         | Rs     |
|---------------------------------------|--------|----------------|--------|
| 2000, shares of Rs.10 each fully paid | 20,000 | Goodwill       | 4,000  |
| Profit and Loss a/c                   | 7,000  | Fixed assets   | 16,500 |
| Debentures                            | 10,000 | Current assets | 19,500 |
| Creditors                             | 3,000  |                |        |

R Ltd agreed to take over the assets of K Ltd (exclusive of one fixed asset of Rs.4,000 and cash Rs.1,000 included in current assets) at 10% more than the book values. It agreed to take over creditors also. The purchase price was to be discharged by the issue of 2,000 shares of Rs.10 each at the market value of Rs.15 each and the balance in cash. Liquidation expenses came to Rs.400.

K Ltd, sold the fixed asset of Rs.4,000 and realised the book value, It paid off its debentures and liquidation expenses.

You are required to give journal entries in the books of K Ltd and R Ltd

21. Explain Proforma of statement of Affairs in liquidation of companies.

22. On 31st December 2016. The following balances stood in the books of American Bank Ltd, after preparation of its profit and loss account:

| Particulars                           | Rs in '000' |
|---------------------------------------|-------------|
| Share capital: Issued and subscribed  | 4,000       |
| Reserve fund                          | 6,200       |
| Fixed deposits                        | 42,600      |
| Saving bank deposits                  | 19,000      |
| Current accounts                      | 23,200      |
| Money at call and short notice        | 1,800       |
| Investments                           | 25,000      |
| Profit and Loss a/c (cr) 1st Jan 2016 | 1,350       |
| Dividend for 2015                     | 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 bank)     | 4,750       |
| Furniture                             | 1,164       |
| Other assets                          | 336         |
| Net profits for 2016                  | 1,550       |

Prepare balance sheet of the bank as on 31st December 2016.

23. From the following balances of United General Insurance co.Ltd as on 31.3.2016 prepare  
 (i) Fire revenue a/c (ii) Marine revenue a/c and (iii) Profit and Loss a/c

|                              | Rs<br>(in '000') |                                  | Rs<br>(in '000') |
|------------------------------|------------------|----------------------------------|------------------|
| Provision for unexpired risk |                  | Depreciation                     | 70               |
| On 1.4.15: fire              | 500              | Interest, Dividends etc          | 28               |
| Marine                       | 1,640            | Difference in exchange (cr)      | 0.6              |
| Additional reserve on 1.4.15 |                  | Miscellaneous receipts           | 10               |
| Fire                         | 100              | Profit on sale of land           | 120              |
| Bad debts: Fire              | 10               | Premium received:                |                  |
| Marine                       | 24               | Fire                             | 1,200            |
| Auditor's fees               | 2.4              | Marine                           | 2,160            |
| Director's fees              | 10               | Expenses of Management:          |                  |
| Share transfer fees          | 1.6              | Fire                             | 290              |
| Bad debts recovered          | 2.4              | Marine                           | 800              |
| Claims paid & outstanding:   |                  | Commission earned on reinsurance |                  |
| Fire                         | 380              | Ceded: Fire                      | 60               |
| Marine                       | 760              | Marine                           | 120              |
| Commission paid: Fire        | 180              |                                  |                  |
| Marine                       | 216              |                                  |                  |

Provision for unexpired risk is to be kept at 50% of the premiums for fire and at 100% for marine departments. The additional reserve in case of fire insurance is to be increased by 5% of the net premium.