

**B.Com. (CS) DEGREE EXAMINATION, EVEN SEMESTER 2021****II Year IV Semester****Corporate Accounting - II**

Max Marks: 25

Answer any **Five** questions (5 \* 5 = 25) Marks

1. Explain the various 'cost based methods' of valuing human resources.
2. The following balances have been extracted from the books of General Insurance Co Ltd as on 31.3.2016

	Rs “000
Premiums less reinsurance	5,00,000
Reserve for unexpired risks as on 31.3.15	2,00,000
Claims less reinsurance	2,75,000
Claims outstanding as on 31.3.16	75,000
Commission on direct business	30,000
Commission on reinsurance ceded	20,000
Commission on reinsurance accepted	10,000
Bad debts	1,500
Foreign taxes	1,000
Rent and taxes	12,000
Establishment expenses	50,000
Audit fees	2,000
Postage and telegrams	1,500
Printing and stationery	2,500
Depreciation	4,000
Policy stamp	500
Share capital	5,00,000
General reserve	1,00,000
Profit and Loss A/c.(31.3.15)	20,000
Amount due from other person carrying on insurance business	4,00,000
Cash in hand	2,600
Cash in bank	1,21,400
Deposit with R.B.I	2,00,000
Investments:	
G.P. Notes	2,50,000
Shares	1,00,000
Interest and dividend received	15,000
Directors fees	2,000
Managing directors remuneration(minimum)	18,000
Sundry debtors	50,000
Sundry creditors	20,000
Investment reserve (31.3.15)	60,000
Motor car, Furniture etc.	56,000
Amount due to other persons carrying on insurance business	80,000

The Following information is available: (1.) Claims less reinsurance Rs 2, 75,000 Thousand

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has been arrived at after taking into account claims paid and also outstanding claim of Rs, 50,000, as on 31.3.2015 . ( 2). Reserve for unexpired risk to be kept at 50% of the premium income. (3). Market value of investment as on 31.3. 2016 was Rs 2,80,000 Thousand. (4) Provision for taxation to be made at 60%. You are required to prepare fire revenue, and profit and loss account for the year ended 31.3.2016 and balance sheet on that date.

3.From the following, you are required to prepare the Profit and Loss Account and the Balance Sheet of Madras Bank Ltd., as on 31. 12 1980 according to Banking Regulation Act 1949.

Debit	Rs.	Credit	Rs.
Money at call and short notice	800	Issued Capital: 2000 shares of Rs.100 each	2000
Cash in hand	650	Reserve Fund	700
Cash at bank	950	Deposits	2500
Investments in Government Securities	900	Borrowing from SBI	500
Secured Loans	1500	Rent	60
Cash Credits	500	Interest and discount	800
Premises less depreciation	580	Commission and brokerage	70
Furniture less depreciation	120		
Rent	5		
Interest paid on deposits	300		
Salary	150		
Interest paid	50		
Audit fees	10		
Directors fees	8		
Non-Banking assets	80		
Depreciation	13		
Printing	3		
Advertisement	1		
Stationery	5		
Postage and telegrams	2		
Other expenses	3		
	6,630		6,630

Adjustments:

A. Provide Rs.20,000 for doubtful debts

B.Provide Rs.10,000 on bills discounted but not matured on 31.12.1980

C.Acceptance and endorsements on behalf of customers amounting to Rs.4,00,000

D.Provide Rs. 60,000 for taxes.

4.A company went into voluntary liquidation on 31.3.1998. When the following Balance Sheet was prepared;

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<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
3000 shares of Rs.10 each	30,000	Goodwill	6,960
Unsecured creditors	15,432	Freehold property	5,000
Partly secured creditors	5,836	Machinery	7,480
Preferential creditors	810	Stock	11,710
Bank overdraft(unsecured)	232	Debtors	9,244
		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 liquidators remuneration was agreed at 2.5% on the amount realized including cash and 2% on the amount paid to unsecured creditors. Prepare the liquidators final statement of account.

5.The following are the Balance sheets of X Ltd, as on31-3-2004.

	X LTD RS	Y LTD RS		X LTD RS	Y LTD RS
5,000 8% pref.shares of Rs 100 each	5,00,000	----- -	Goodwill	-----	15,0000
1,50,000 Equity shares of Rs 10 each	15,00,000	----- ---	Building's	7,40,000	-----
40,000 Equity shares of Rs 10 each	-----	4,00,00 0	Machinery	16,38,000	-----
Capital Reserve	4,60,000	----- --	Furniture	27,000	50,000
General Reserve	3,50,000	1,00,00 0	Patents	60,000	-----
P&L A/c	80,000	15,000	Motor Vehicles	-----	70,500
Creditors	70,000	25,000	Stock	4,05,000	2,60,000
			Debtors	80,000	1,29,000
			Bank	10,000	15,500
	29,60,000	5,40,00 0		29,60,000	5,40,000

A new company "Z" Ltd , was formed to take over the Business of X Ltd and Y Ltd on the following terms:

- (i) Z Ltd to allot 5,000 10% fully paid Preference shares of Rs 100 each and 2,00,000 fully paid equity shares of Rs. 10 each to satisfy the claims of Preference and Equity shareholders of X Ltd. Respectively.
- (ii) Z Ltd.to allot 44,000 fully paid equity shares of Rs,10.each to be distributed to Y Ltd. shareholders.
- (iii) Mr.'Z ' who mooted the scheme of amalgamation is to be allotted 500 fully paid Equity shares of Rs. 10 each in consideration of his services.
- (IV) Expenses of Liquidation of Y Ltd.Rs,3,000. To be borne by Z Ltd.

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(V) Z. Ltd made public issue of 20,000 Equity shares of Rs.10 each of case at 20% Premium.

Preliminary expenses of 'Z' Ltd. Amounted to Rs.8,500. Assuming that the amalgamation is in the Nature of merger, You are required to show (1) Computation of Purchase consideration; (2) Ledger accounts to close the books of X Ltd., (3) Journal and balance sheet in books of Z Ltds.

6. The following particulars are related to a company which has gone into liquidation. You are required to prepare liquidators final statement of accounts allowing for his remuneration at 2% on the amounts realised on assets and 2% on the amounts distributed to unsecured creditors.

Particulars	Amount
Unsecured creditors	2,24,000
Preferential creditors	70,000
Debentures	75,000
Assets Realised	
Cash in hand	20,000
Land & Building	1,30,000
Plant and Machinery	1,10,500
Furniture and Fittings	7,500

The liquidation expenses amounted to Rs 2,000. A call of Rs 2 per shares on the partly paid 10,000 shares was made and duly paid except in case of shareholder owing 500 shares.

7. From the following balances of Global Insurance Ltd as on 31<sup>st</sup> march 2016 compute the (i) Fire revenue A/c (ii) Marine revenue A/C and (iii) Profit and Loss A/C.

	Rs ('000)		RS ('000)
Bad debts Fire Marine	10,000 24,000	Depreciation	70,000
Auditors fees	6,000	Interest ,Dividend received	28,000
Directors fees	6,400	Difference in exchange (Cr)	600
Share transfer fees	1,600	Miscellaneous receipts	10,000
Bad debts recovered	2,400	Profit on sale of land	1,20,000
Reserve (fire as on 1.4.15)	5,00,000	Fire premium less reinsurance	12,00,000
Reserve Marine( as on 1.4.15)	16,40,000	Marine premium less reinsurance	21,60,000
Claims paid and outstanding (fire)	3,80,000	Management expenses Fire Marine	2,90,000 8,00,000
Claims paid and outstanding (marine)	7,60,000	Commission earned on reinsurance ceded: Fire Marine	60,000 1,20,000
Commission paid : Fire Marine	1,80,000 2,16,000	Additional reserve as on 1.4.15 (fire)	1,00,000

In addition to the usual reserve additional reserve in the case of fire insurance is to be increased by 5% of net premiums.