

**SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN
(AUTONOMOUS)
(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)
Chromepet, Chennai — 600 044.
BCOM.(CS) END SEMESTER EXAMINATION APRIL/NOV - 2021
SEMESTER - IV
14UBCCT4A09 - Corporate Accounting - II**

Total Duration : 3 Hrs	Total Marks : 75
MCQ : 30 Mins	MCQ : 15
Descriptive : 2 Hrs.30 Mins	Descriptive : 60

Section B

Answer any **SIX** questions ($6 \times 5 = 30$ Marks)

1. What is Human Resource Accounting? And state its objectives.
2. Discuss the need for accounting standards.
3. From the information given below, calculate the amount of share capital to be derived in schedule 5 of a life insurance company:

Called up capital:	Rs. 10,000
Equity shares of	Rs. 10 each
Calls-in-arrears	Rs. 10,000
Shares forfeited account balance	Rs. 7,000
Preliminary expenses	Rs. 12,000

4. From the following prepare a Profit & loss A/c of New Bank Ltd for the year ended 31.12.1996.

	Rs. (in '000)		Rs. (in '000)
Interest on loans	260	Interest on cash credits	255
Interest on fixed deposits	280	Rent and taxes	20
Rebate on bills discounted	50	Interest on overdrafts	56
Commission charged to customers	9	Directors and auditors fees	4
Establishment expenses	56	Interest on savings bank accounts	70
Discount on bills discounted	200	Postage and telegrams	2
Interest on current accounts	45	Sundry charges	2
Printing and advertisements	3		

5. A Ltd & B Ltd. has agreed upon the values of assets and liabilities as shown in the following Balance Sheets.

Liabilities	A Ltd (Rs.)	B Ltd (Rs.)	Assets	A Ltd (Rs.)	B Ltd (Rs.)
Share capital (Rs. 10 each)	20,00,000	10,00,000	Sundry Assets	20,00,000	12,00,000
Reserves	2,00,000	5,00,000	10,000 shares in B Ltd	2,00,000	-
			10,000 shares in A Ltd.	-	3,00,000
	22,00,000	15,00,000		22,00,000	15,00,000

Ascertain the amount due to outsiders, if A Ltd and b Ltd. decide to amalgamate and form C Ltd.

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

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

The assets realised Rs. 80,000. The expenses of liquidation amounted to Rs. 1,500 and the liquidators remuneration was agreed at $2\frac{1}{2}\%$ on the amount realised and 2% on the amount paid to unsecured creditors including preferential creditors. Show the liquidators final statement of account.

7. Compute the net premium to be credited to Revenue A/c from the following data:

Premium received during the year ended 31.3.06 Rs. 16, 00,000
 Reinsurance Premium Paid Rs. 5, 40,000
 Reinsurance Premium received Rs. 6, 20,000
 Bonus in reduction of Premium (not yet adjusted) Rs. 20,000

8. The following is the summarised Balance Sheet of Harpreet Ltd as at 31.12.1998.

Liabilities	Rs.	Assets	Rs.
Share capital:			
3,000 , 6% cumulative preference shares of Rs. 100 each, fully paid	3,00,000	Land & Buildings	2,60,000
1,000 equity shares of Rs. 100 each, fully paid	1,00,000	Plant & Machinery	1,75,000
1,000 equity shares of Rs. 100 each, Rs. 50 paid up	50,000	Stock	37,250
Bank loan (secured on stock and debtors)	25,000	Debtors	15,000
Current liabilities	50,000	Cash in hand	250
Pref dividend arrears Rs. 36,000		Profit & Loss A/c	37,500
	5,25,000		5,25,000

Under the Articles of Association of the company, the preference shares are preferential as to dividend (whether declared or not) and capital.

The company went into voluntary liquidation and sold the fixed assets, stock and debtors for a sum of Rs. 3, 75,000 payable in cash. The expenses of liquidation were Rs. 250. A call of Rs. 50 per share is made by the liquidator in 1,000 equity shares which are partly paid up. The money called is fully paid up.

You are required to prepare the liquidator's final statement of account.

Section C

Answer any **THREE** questions ($3 \times 10 = 30$ Marks)

9. Explain the objectives and importance of financial reporting.
10. following is the Trial Balance extracted from the books of Town bank Ltd.

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Debit balance	Rs.	Credit balance	Rs.
Balances with banks	46,350	Share capital	3,00,000
Investment in government bonds	1,94,370	Security deposit of employees	15,000
Other investments	1,55,630	SB Accounts	7,420
Gold bullion	15,130	Current accounts	97,000
Interest accrued on investments	24,620	Fixed deposits	1,13,050
Silver	2,000	Reserve fund	1,40,000
Constituents liability for acceptances, etc	56,500	Borrowings from banks	77,230
Building	65,000	Profit & Loss A/c	6,500
Furniture	5,000	Bills for collection	43,500
Money at call	26,000	Acceptances and endorsements	56,500
Loans	2,00,000	Interest	72,000
Bills discounted	12,500	Commission	25,300
Interest	7,950	Discounts	42,000
Bills for collection	43,500	Rent	600
Audit fees	5,000	Profit on bullion	1,200
Loss on sale of furniture	1,000	Miscellaneous income	2,700
Director's fees	1,200	Accumulated depreciation on building	20,000
Salaries	21,200		
Postage	50		
Managing directors remuneration	12,000		
Loss on sale of investments	30,000		
Cash in hand	25,000		
Cash with RBI	50,000		
Branch adjustment A/c	20,000		
	10,20,000		10,20,000

You are required to prepare Profit & Loss Account and balance sheet after taking into consideration the following.

- Bad debts Rs. 500
- Rebate on bills 1,000
- Current years depreciation on building Rs. 2,000
- Some current accounts are over drawn to the extent of Rs. 25,000 and total of credit balances is Rs. 1,22,000

11. The following are the balance sheets of Honey Ltd and Stark Ltd as on 31.3.1996.

Liabilities	Honey Ltd (Rs.)	Stark Ltd (Rs.)	Assets	Honey Ltd (Rs.)	Stark Ltd (Rs.)
Share capital (in shares of Rs. 10 each)	2,00,000	4,00,000	Fixed assets	2,40,000	5,00,000
General Reserve	80,000	1,20,000	Debtors	40,000	20,000
Profit & Loss A/c	20,000	-	Stock	60,000	80,000
Creditors	60,000	1,00,000	Cash	20,000	20,000
	3,60,000	6,20,000		3,60,000	6,20,000

Stark Ltd agreed to absorb Honey Ltd on the following terms:

- Stark Ltd to give one share of Rs. 10 each, at an agreed value of Rs. 30 per share for every three shares in Honey Ltd. the shares of Stark Ltd are quoted in the market at Rs. 45 per share.
- The trade liability is to be taken over.

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Give the required journal entries in the books Stark Ltd., and the Balance sheet after the absorption is completed if the amalgamation is in the nature of purchase.

12. Knight Co Ltd went into voluntary liquidation on 31.12.1984 when their balance sheet read as follows:

Liabilities	Rs.	Assets	Rs.
Issued & subscribed capital:	15,00,000	Land & Buildings	7,50,000
15,000 , 10% cumulative preference shares of Rs. 100 each, fully paid	15,00,000	Plant & Machinery	18,75,000
7,500 equity shares of Rs. 100 each, Rs. 75 paid	5,62,500	Patents	3,00,000
22,500 equity shares of Rs. 100 each, Rs. 60 paid up	13,50,000	Stock	4,02,500
15% debenture secured by a floating charge	7,50,000	Debtors	8,25,000
Interest outstanding on debentures		Cash at bank	2,25,000
Creditors	1,12,500	Profit & Loss A/c	8,53,750
	9,56,250		
	52,31,250		52,31,250

Preference dividends were in arrears for 2 years and the creditors included preferential creditors of Rs. 38,000.

The assets were realised as follows:

Land & Buildings Rs. 9,00,000; Plant & Machinery Rs. 15,00,000; Patents Rs. 2,25,000; Stock Rs. 4,50,000; Sundry debtors Rs. 6,00,000.

The expenses of liquidation amounted to Rs. 27,250. The liquidator is entitled to a commission of 3% on assets realised except cash. Assuming the final payments including those on debentures were made on 30.6.1985, show the liquidators final statement of accounts.

13. From the following balances extracted from the books of the L.I.C as at 31.3.06, prepare a Revenue A/c for the year ending 31.3.2006 in the prescribed form:

	Rs.(in'000)		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&Canvasser's allowance	26,500	Bonus in reduction of premiums	1,000
Salaries	44,200	Income tax on interest and dividends	5,700
Travelling expenses	1,200	Printing&Stationery	13,900
Directors'fees	8,700	Postage&telegrams	14,300
Auditor's fees	1,000	Receipt stamps	2,300
Medical fees	52,000	Reinsurance premiums	40,950
Commission	2,18,000	Interest&Dividend(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.