

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.

B.Com.(CS) END SEMESTER EXAMINATIONS NOVEMBER -2023

SEMESTER - IV

21UBCCT4009 - Corporate Accounting - II

Total Duration : 2 Hrs 30 Mins.

Total Marks : 60

Section B

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

1. Explain the various methods of inflation Accounting.
2. The following is an extract from the trial balance of Babu Bank Ltd., as on 31-12-2019.

Particulars	Dr (Rs.)	Cr (Rs.)
Bills Discounted	15,00,000	
Rebate on bills discounted		5,340
Interest and discount		91,473

An analysis of the bills discounted shows the following

Amount Rs.	Due date (2020)	Rate of discount % p.a
1,45,000	6 th March	5%
4,31,000	15 th March	6%
2,90,000	21 st March	4%
3,98,000	14 th April	3.50%
2,36,000	24 th April	4.50%

Compute with the aid of workings how the relevant items will appear in the bank's balance sheet as on 31-12-2019 and in the Profit and Loss Account for the same period.

3. Mr.Hari field Ltd., is absorbed by Prasad field Ltd., the consideration being
 - (i) The taking over of the trade liabilities of Rs.40,000
 - (ii) The payment of cost of absorption of Rs.15,000
 - (iii) The repayment of B debenture of Hari Ltd., of Rs.2,00,000 at par.
 - (iv) The discharge of A debentures' of Rs.3,00,000 in the vendor Co. at a premium of 10% by the issue of 8% debentures in Prasad field Ltd., at par.
 - (v) A payment of Rs.20 per share in cash and the exchange of 4 fully paid Rs.10 shares in Prasad field Ltd., at a market price Rs.15 per share for every Rs.50 share in Hari Ltd., which were 40,000 in number.

You are required to Compute the purchase consideration.

4. A liquidator is entitled to receive remuneration @ 2% of the assets realized and 3% on the amount distributed among the unsecured creditors. The assets realized Rs.70,00,000 against which payment was made as follows.

Liquidation Expenses Rs.50,000

Preferential Creditors Rs.1,50,000 and

Secured Creditors Rs.40,00,000, Unsecured creditors Rs.30,00,000

Calculate the remuneration payable to the liquidators.

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5. A Life Insurance Fund has been ascertained without adjusting the following. You are required to ascertain the Correct Life Assurance Fund.

Particulars	Amount Rs.
Life Assurance fund, as ascertained	56,70,000
Premiums outstanding	2,30,000
Claims outstanding	1,80,000
Claims covered under reinsurance	20,000
Claims of last year paid during the year	5,000
Bonus paid in cash	14,000
Bonus utilised in reduction of premium	16,000
Interest and dividend accrued	7,500
Income tax thereon	800

6. While closing its books of accounts, a commercial bank has its advances classified as follows.

Particulars	Rs. In lakhs
Standard assets	16,000
Sub-standard assets	1,300
Doubtful assets:	
Up to one year	700
One to three years	400
More than three years	200
Loss assets	500

You are required to calculate the amount of provision to be made by the bank, assuming that all the doubtful assets are secured.

7. Abdul Ltd., having a capital Rs.10,00,000 divided in to 10,000 shares of Rs.100 each (Rs.75 paid up) and a reserve fund Rs.2,50,000 was absorbed by National Time Ltd., having 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 Abdul Ltd., National Timber Ltd., was to give five shares partly paid as its original ones.

Prepare ledger accounts to close the books of Abdul Ltd.

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

Particulars	Rs.
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 liquidator's remuneration was agreed at 2.5% on the amount realized and 2% on the amount paid to unsecured creditors including preferential creditors. Show the liquidator's final statement of account.

Section C

Answer any **THREE** questions (3 × 10 = 30 Marks)

9. Present a brief note on Accounting Standards by ICAI.

10. Analyse from the following prepare a Life Insurance revenue A/C as on 31-3-2006.

Particulars	Rs. (000)	Particulars	Rs. (000)
Claims by death	16,890	Outstanding interest on advance (31-3-2006)	1,944
Agent's salaries & Allowance	6,420	Bonus paid with Claims	2,700
Surrender value paid	2,810	Endowment assurance matured	24,415
Actuarial expenses	1,520	Annuities paid	1,350
Premiums	94,836	Interest revenue	19,060
Commission to Agents	8,900	Rent, rates and Taxes	5,475
Salaries	13,500	General Charges	1,860
Medical fees	1,200	Fees received	172
Travelling expenses	1,800	Bonus paid in cash	2,825
Director's fees	900	Advertisement	726
Agent's balance	750	Consideration for annuities granted	12,853
Claim expenses	1,432	Printing & Stationery	650
Premium outstanding (1-4-2005)	2,134	Claims O/S 1.4.05	2,376
Premium outstanding (31-3-2006)	3,143	Claims O/S 1.4.06	3,735
Investments	1,46,700	Loan on policies	38,300
Share capital	2,00,000	Loans on mortgages	2,90,560
Sundry Creditors	9,200	Freehold premises	1,22,600
Life Assurance Fund (1-4-2005)	3,53,672	Furniture & fittings	64,100
Reserve Fund	1,46,000	Cash on hand & Deposits	76,300

11. From the following ledger balances of State Bank Ltd., examine the Profit and Loss Account and Balance Sheet as on 30th June 2021.

Particulars	Amount Rs.
Freehold and leasehold property	4,15,000
Premises and furniture	3,37,500
Loans and advances	46,65,000
Bills discounted	3,79,500
Money at call short notice	2,74,250
Cash in hand and with RBI	15,84,750
Interest, discount and commission	2,44,500
Premises account -amount written off	22,500
Current expenditure, salaries, rent	71,250
Amount added to staff retirement fund	3,000
Shares and stock	6,37,500
Govt Securities	6,00,000
Other Securities	8,25,000
Interest accrued and paid	25,500
Profit and Loss Account (1.7.2020)	15,300
Acceptance on behalf of customers	12,00,000
Current account and deposit	77,31,450
Reserve fund	6,00,000
Share capital 12,500 ordinary shares of Rs.100 each	12,50,000
Make provision for rebate on bills discounted	2,450

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12. The balances sheet as on 31st December 2021 of the Gama Ltd., was as follows.

Liabilities	Rs.	Assets	Rs.
Share capital 1,000 shares of Rs.100 each fully paid up	1,00,000	Land	65,000
8% Debentures	40,000	Machinery	22,000
Creditors	6,000	Furniture	3,000
		Stock	25,000
		Debtors	15,000
		Cash	4,000
		Profit & Loss A/c	12,000
	1,46,000		1,46,000

Beta Company Ltd., was formed to take over the business of Gamma Ltd with a nominal capital of Rs.1,00,000 divided into 500, 9% preference shares of Rs.100 each and 500 equity shares of Rs.100 each on the following basis.

- The debenture holders in Gamma Ltd., are to accept 350 preference shares.
- The shareholders in Gamma Ltd., are to receive one equity share in Beta Ltd., for every two shares held by them.
- Cost of Liquidation met by Beta Ltd., Rs.600
- The balance of Preference shares have been issued and taken up by the public.

Solve the Important ledger accounts to close the books of Gamma Ltd., and Journal entries in the books of Beta Ltd.

13. The following particulars relate to a limited company which has gone into voluntary liquidation. You are required to prepare the liquidator's final account. Allowing for his remuneration @ 2% on the amount realised and 2% on the amount distributed among unsecured creditors other than preferential creditors.

Particulars	Rs.
Preferential creditors	10,000
Unsecured creditors	32,000
Debentures	10,000

The assets realised the following sums

Land & Building Rs.20,000

Plant & Machinery Rs.18,650

Fixtures & fittings Rs.1,000

The liquidation expenses amount to Rs.1,000.
