

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 APRIL-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. A company incurs the following expenditure during the year 2005-06. Determine the amount to be capitalized under AS-10, Accounting for fixed assets.
 - (i) Rs.4,00,000 for white washing factory and office buildings.
 - (ii) Rs.2,00,000 for the purchase of machinery from Bombay.
 - (iii) Rs.2,00,000 for transporting the machines and installing them.
 - (iv) Rs.6,00,000 for erecting a workshop in the factory.

2. On 31st March 1998, Bharat commercial Bank Ltd. finds its advances classified as follows:

Standard Assets	14,91,300
Sub-standard Assets	93,800
Doubtful assets (secured)	
Doubtful for one year	25,660
Doubtful for one year to 3 years	15,540
Doubtful for more than 3 years	6,580
Loss assets	10,350

Calculate the amount of provision to be made by the bank against the above-mentioned advances.

3. Raman Ltd., agrees to purchase the business of Krishnan Ltd., on the following terms:
 - (a) For each of the 10,000 shares of Rs.10 each in Krishnan Ltd. 2 shares in Raman Ltd. Of Rs.10 each will be issued at an agreed value of Rs.12 per share. In addition, Rs.4 per share also will be paid.
 - (b) 8% debentures worth Rs.80,000 will be issued to settle the Rs.60,000% debentures in Krishnan Ltd.
 - (c) Rs.10,000 will be paid towards expenses of winding up.

Calculate the purchase consideration.

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4. A liquidator is entitled to receive remuneration @2% of the assets realised and 3% on the amount distributed among the unsecured creditors. The assets realised Rs.70,00,00 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 total remuneration payable to the liquidator.
5. A life assurance company prepared its Revenue A/c for the year ended 31-03-2006 and ascertained its Life Assurance fund to be Rs.28,35,000. It was found later that the following had been omitted from the accounts:
- Interest accrued on investments is Rs.39,000; income tax liability to be deducted thereon is estimated to be Rs.10,500.
 - Outstanding premiums Rs.32,800.
 - Bonus utilized for the reduction of premium Rs.6,750.
 - Claims intimated but not admitted Rs.17,400.
 - Claims recovered under reinsurance Rs.6,500.

What is the true-life assurance fund?

6. Explain the various schedules to be prepared by a commercial bank.
7. Distinguish between Amalgamation and Absorption.
8. The following particulars relate to a limited company that went into voluntary liquidation.
- | | |
|------------------------|--------|
| 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 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 the final statement account.

Section C

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

9. The following is the balance sheet of Samy Ltd. as on 31-03-2004.

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

Romy Ltd agreed to take over the business of Samy Ltd.

(A) Calculate purchase consideration under the Net asset method on the basis of the following:

- i. Romy Ltd agreed to discharge 7% debenture at a premium of 10% by issuing 9% debentures of Romy Ltd.
- ii. Fixed assets are to be valued at 10% above book value, the investments at par, current assets at a 10% discount, and current liabilities at book value.

(B) Calculate purchase consideration under the Net payments method on the basis of the following:

- i. Romy Ltd agrees to discharge the 7% debentures at a premium of 10% by issuing 9% debentures of Romy Ltd.
- ii. Preference shares are discharged at a premium of 10% by issuing 10% preference shares of Rs.100 each in Romy Ltd.
- iii. For every 2 equity shares in Samy Ltd. 3 Equity shares of Rs.10 in Romy Ltd. will be issued in addition to a cash payment of Rs.3 per Equity share in Samy Ltd.

10. The following balances are abstracted from the books of New Bharath Life Insurance Co. Ltd., as on 31-03-2006.

	Rs. (‘000)		Rs. (‘000)
Life Assurance Fund (1-4-2005)	15,00,000	Claims paid during the year	64,900
Premiums	4,96,000	Annuities	2,050
Considerations for annuities granted	15,000	Bonus in reduction of premiums	1,600
Interest & Dividends	1,00,000	Medical fees	2,400
Fines for revival of policies	750	Surrenders	4,000
Reinsurance premium	20,750	Commission	18,650
Claim out standings	4,500	Management expenses	22,000
		Income tax on dividends	8,500

Prepare revenue account A/c after making the following adjustments:

	Rs. (‘000)
(i) Outstanding balances:	
Claims	14,000
Premiums	4,600
(ii) Further bonus premium of	2,400
(iii) Claim reinsurance	8,000

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11. From the following particulars, prepare a Profit and Loss A/c of New Bank Ltd., for the year ended 31-12-1996.

	Rs. (‘000)		Rs. (‘000)
Interest on loans	260	Interest on cash credits	225
Interest on fixed deposits	280	Rent and taxes	20
Rebate on bills discounted	50	Interest on overdraft	56
A commission charged to customer	9	Directors’ and Auditor’s 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		

12. The following information relating to Malar Ltd., for the year ended 31-12-96 is provided to you and you are requested to calculate net monetary gain or loss for the year 1996.

	Rs.
Net monetary assets on 1-1-96	5,000
Net monetary assets on 31-1-96	35,000
Transactions for the year are as given below	
Cash sales	40,000
Credit sales	50,000
Credit purchase	35,000
Wages	10,000
Other operating expenses	5,000
Interest paid on 31-12-96	10,000
General price index on 1-1-96	= 100
General price index on 31-1-96	= 150
Average index for the year	= 125

13. From the data relating to a company (in voluntary liquidation), you are asked to prepare the liquidator’s final statement of account.
- (i) Cash with liquidator (after all assets are realized and secured creditors and debentures holders are paid) is Rs.6,73,800.
 - (ii) Preferential creditors to be paid Rs.30,000.
 - (iii) Other unsecured creditors Rs.2,15,000.
 - (iv) 4,000 6% preference shares of Rs.100 each, fully paid.
 - (v) 2,000 equity shares of Rs.100 each, Rs.75 per share paid up.
 - (vi) 6,000 equity shares of Rs.100 each, Rs.60 per share paid up.
 - (vii) Liquidator remuneration 2% on preferential and other unsecured creditors.
 - (viii) Preferential dividends were in arrears for 2 years.
