

Faculty of Commerce
B.Com. II-Year, CBCS - IV Semester Examinations, May/June 2019
 (For All Streams of B.Com)
PAPER: CORPORATE ACCOUNTING

Time: 3 Hours

Max Marks: 80

Section-A

I. Answer any FIVE of the following questions. (5x4=20 Marks)

1. Write a note on Liquidator.
2. X Ltd was absorbed by Y Ltd. The realization expenses of X Ltd, amounted to Rs. 7,400 Give journal entries in the books of X Ltd., in the following cases:
 - (a) When the expenses are borne by Y Ltd.,
 - (b) When the expenses are paid by Y Ltd., in addition to purchase consideration.
3. What do you mean by Internal Reconstruction?
4. Explain the various books and registers maintained by a Banking company.
5. Write short note on Reinsurance.
6. The well off company went into liquidation with the following liabilities:

(a) Secured Creditors 30,000 (Securities realized)	35,000
(b) Preferential Creditors	1,100
(c) Unsecured Creditors	40,500

Liquidator's out of pocket expenses amounted to Rs. 258. The liquidator is entitled to a remuneration of 5% on the amount realized and 2% on the amount distributed to unsecured creditors. The various assets fully realized Rs. 36,000.

Calculate liquidator's remuneration.

7. From the following particulars prepare:

(a) Schedule 15-interest expended	
(b) Schedule 16-operating expenses.	
Payment made to employees	18,45,000
Printing and Stationery	60,000
Audit fees	25,000
Directors fees and allowances	18,000
Interest on Deposits	42,50,000
Interest on RBI and inter bank borrowings	8,76,000
Depreciation on bank assets	80,000
8. Ascertain the total amount of benefits paid - schedule 4.

Claims by Death paid	2,50,000
Claims by Maturity paid	1,75,000
Outstanding claims at the beginning of the year	
By Death	25,000
By Maturity	30,000
Outstanding claims at the end of the year	
By Death	60,000
By Maturity	40,000
Claims covered under reinsurance (Death)	25,000

	(Rs.'000)		(Rs,'000)
(12) Share Capital (Authorised and Issued - 5000 shares of Rs.100 each, fully called		Statutory Reserve	1,50
And paid	5,00	Cash in hand and with R.B.I	2,50
15,60		Term Deposits	
Money at call and short notice	80	Cash Credits, Overdraft and loans	26,00
S.B. Deposits	8,20	Borrowing from other banks	1,50
Balances with other banks	1,10	Premises after depreciation up on 31 st March, 2004	8,50
Demand Deposits	19,50	Unclaimed Dividends	5
Investments	7,00	Rebate on bills discounted	15
Bills discounted and Purchased	6,00	Branch Adjustments(Cr)	20
Furniture and Fixtures	1,20	transfer to Statutory reserve	1,00
Stock of stamps and stationery	12		
Interest accrued on investments	23		
Non-Banking Assets	25		
Bills payable	100		

Other Information: Acceptances and endorsements on behalf of customers Rs. 3,00,000 Bills for collection Rs. 2,50,000 and claims against the bank not acknowledged as debts Rs. 2,00,000.

13.(a) Given below is the trial balance from the books of the Gujarat Mutual Life Assurance Association Ltd., on 31st March 2004.

	Rs. 000	Rs.000
Claims paid and outstanding	1,15,200	
Surrenders	3,300	
Reversionary bonus paid and outstanding	12,300	
Establishment Charges	23,500	
Commission to Agents	48,500	
Medical fees	10,100	
Director's and Auditor's Fees	24,000	
Stationery & Printing	4,800	
Postage & Telegrams	1,050	
Office Rent	4,200	
Sundry Expenses	800	
Bank charges and commission	950	
Investments	40,47,000	
Loan on Policies	1,74,700	
Outstanding Interest	69,800	
Outstanding Premium	23,600	
Cash at Bank	29,600	
Fines and Fees Received		300
Interest and Dividends received and accrued		2,25,000
Premium received and outstanding		3,30,800
Premium received in advance		9,000
Claims admitted but not paid		10,000
Claims intimated but not admitted		20,000
Sundry Creditors		18,000

Section-

II. Answer the following questions.

(5x12=60 Marks)

9. (a) What is meant by Liquidation or Winding up of a company? What are the different methods of Liquidation of Company?

(OR)

- (b) The following information was extracted from the books of a limited company on 31st March 2011 on which date a winding up order was made.

Equity share capital:	Rs.
2,00,000 share of Rs 10 each	20,00,000
15% preference share capital:	
3,00,000 shares of Rs. 10 each	30,00,000
Calls in arrears (estimated to produce Rs. 20,000)	40,000
15% First Mortgage Debentures secured by a floating Charge on the whole of assets of the company	20,00,000
Creditors fully secured (value of securities Rs. 4,00,000)	3,50,000
Creditors partly secured (value of securities Rs. 2,00,000)	4,00,000
Preferential creditors for wages	75,000
Unsecured creditors	27,00,000
Bank overdraft, secured by second Charge on the whole of the assets of the company	2,00,000
Cash in hand	12,000
Book debts - Good	3,80,000
- Doubtful (estimated to produce Rs. 30,000)	80,000
- Bad	45,000
Stock in Trade (estimated to produce Rs. 6,00,000)	7,20,000
Land & Buildings (estimated to produce Rs. 18,50,000)	21,00,000
Plant & Machinery (estimated to produce Rs. 6,30,000)	6,00,000
Furniture & Fittings (estimated to produce Rs. 80,000)	1,20,000

You are required to prepare a statement of affairs of the company.

- 10.(a) What is Purchase Consideration? Explain the various methods calculating purchase consideration.

(OR)

- (b) From the following Balance Sheet of Lakshmi Company Ltd. On 31st December 1996.

Liabilities	Rs	Assets	Rs
Capital:			
20,000 shares of Rs. 10 each	2,00,000	Land and Buildings	1,00,000
Debentures	1,00,000	Machinery	1,50,000
Creditors	30,000	Stock	60,000
Reserve Fund	25,000	Work - in - progress	30,000
Dividend Equalisation Fund	20,000	Furniture	2,500
P & L Appropriation A/c	5,100	Debtors	25,000
		Bank	12,500
		Cash	100
	3,80,100		3,80,100

The Company is absorbed by Narayana Company Ltd. On the above date. The consideration for the absorption is the discharge of the Debentures at a premium of 5% taking over the liability in respect of creditors, and a payment of Rs. 7 in cash and one share of Rs. 5 in Narayana Co. Ltd., at the market value of Rs. 8 per share in exchange for one share in Lakshmi Co. Ltd. The cost of Liquidation of Rs. 5,000 is to be met by the purchasing company.

Pass Journal entries in the books of both the companies. Show how the purchase price is arrived at.

- 11.(a) Write Journal entries in the books of the purchasing company on acquisitions of Business when (a) Separate Set of books are opened (b) Same set of books are continued.

(OR)

- (b) The following is the balance sheet of Universal Ltd as at 31.03.2002

Liabilities	Rs.	Assets	Rs.
Authorised Share Capital (10,000 shares of Rs. 100 each)	10,00,000	Goodwill	1,00,000
Issued, subscribed and paid up capital		Fixed Assets	3,80,000
1000, 9% preference shares of Rs. 100	1,00,000	Cash	9,000
Each 3,000 equity shares of Rs. 10 each	3,00,000	Profit and Loss A/c	61,000
13% Debentures	1,00,000		
Secured Creditors	10,000		
Trade Creditors	40,000		
	<u>5,50,000</u>		<u>5,50,000</u>

The Company decided on a scheme of reconstruction, which was as follows:

- Two equity shares of Rs. 100 each, Rs. 50 paid-up per share to be issued for each preference shares.
- Each existing equity share is reduced to Rs. 50 paid up, the face value remaining the same at Rs.100.
- 1,000 equity shares were to be taken up by the directors by paying to the extent of Rs. 50 each.
- Debenture holders to receive 800 fully paid equity shares of Rs. 100 each in place of debentures.
- Unsecured Creditors to be paid immediately to the extent of 10% of their claim and they accepted a remission of 20% of their claim.
- The amount available as a result of the scheme to be used to write-off the debit balance in the P&L a/c, to write off the Goodwill and to reduce the value of fixed assets by Rs. 10,000. You are required to give journal entries to record the above and give the Balance-Sheet after the reconstruction is effected.

- 12.(a) Explain various schedules in Profit and Loss Account and Balance Sheet of a Bank.

(OR)

- (b) On 31st March, 2004 the following balances stood in the books of Alok Bank Ltd., after preparation of the Profit and Loss Account. Prepare Balance Sheet of the Bank as on 31st March 2004.

Fund:			
Life Assurance Fund		33,80,000	
Reserve Fund		6,00,000	
		<u>45,93,400</u>	<u>45,93,400</u>

Prepare the Revenue Account of the Association for the year ended 31st March 2004 and the Balance Sheet as on that date.

(OR)

- (13) (b) From the following balances of Hi-Fi General Insurance Company LTD as on 31st March 2004 prepare (i) Fire Revenue Account (ii) Marine Revenue Account and (iii) Profit & Loss Account.

	Rs.000		Rs. 000
Survey Expenses(Fire)	10,000	Commission earned on	
Additional Reserve Opening (fire)	50,000	reinsurance Ceded	
Commission paid: Marine	1,08,000	Marine	60,000
Fire	90,000	Fire	30,000
Claims paid & Outstanding:			
Marine	3,80,000	Management Expenses Fire	1,45,000
Fire	1,80,000	Marine	4,00,000
Fire Fund Opening	2,50,000	Marine Premium less	
Marine Fund Opening	8,20,000	Reinsurance	10,80,000
Bad debts recovered (Gen)	1,200	Fire premium less	
Share transfer fees	800	Reinsurance	6,00,000
Directors fees	5,000	Profit on Sale of	
Auditors fees	1,200	Land (Gen)	60,000
Bad debts: Marine	12,000	Misc. receipts (gen)	5,000
Fire	5,000	Difference in exchange(cr)	
		(General)	300
		Interest, dividends etc.	
		Received(Gen)	14,000
		Depreciation (Gen)	35,000

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