

FACULTY OF COMMERCE

B.Com. (CBCS)(IV – Semester) Examination, May/June, 2018

(Common Paper for General/ Computers and Computer Applications/Advertising/
Foreign Trade and Tax Procedures Courses)

CORPORATE ACCOUNTING

Paper Code – BC - 404

Time: 3 Hours

Max. Marks: 80

PART – A (5X4=20 Marks)

Note: Answer any FIVE of the following questions not exceeding 20 lines each.

- 1 What is Company liquidation?
- 2 Calculate purchase consideration based on the following information:

	Rs.
10,000 10% preference shares of Rs. 10 each	1,00,000
Equity shares capital 5000 shares of Rs.50 each	2,50,000

The purchasing company agreed to issue 5 shares for every 2 preference shares held and the three equity shares for every five shares held.
- 3 What is acquisition of business?
- 4 A Ltd. had the following liabilities as on 31st March 2006.

(a) 20,000 Equity shares of Rs.10 each fully paid	2,00,000
(b) 10% Non-cumulative preference shares of Rs.100 each fully paid	50,000
(c) Trade creditors	3,00,000

With a view to reconstruct the company, it is proposed to reduce equity shares by Rs. 3 each and to reduce trade creditors claims by 1/3rd.
pass necessary journal entries.
- 5 What is "Slip system of Posting" with specific reference to Accounts of Banking companies?
- 6 What is Average Clause?
- 7 The Trail Balance of Vijaya Banks contains the following information as on 31st March 2014

Loans, Cash Credits and Overdrafts	Rs.20,00,000
Bills discounted and purchased	Rs.15,00,000
Term Loans	Rs. 5,00,000

Prepare schedule 9 (Advances) of the bank with imaginary figures where ever necessary.

Contd...2..

-2-

- 8 Subham life Insurance Company furnishes the following information Rs. '000
- | | |
|--|----|
| Premium received | 27 |
| Premium outstanding for the current year | 13 |
| Reinsurance Premium (ceded) | 4 |
| Reinsurance Premium (Accepted) | 3 |
| Premium in reduction of bonus for the current year | 2 |
- Calculate premiums to be shown under schedule 1.

PART – B (5X12=60 Marks)**Note: Answer all the questions in not exceeding 4 pages each.**

- 9 a) How would you prepare statement of Affairs when a company goes into liquidation?
- OR**
- b) The Balance sheet of XYZ Ltd is given below Prepare liquidators final statement of Affairs.

Balance Sheet of XYZ as on 31-03-2017

1000 6% preference shares of Rs.100/- each	Rs. 1,00,000	Cash at Bank	50,000
2000 Equity shares of 100 each fully paid	Rs.2,00,000	Debtors	2,40,000
2000 Equity shares of Rs.100 each, Rs.75 paid	1,50,000	Stock	1,20,000
Bank Loan (Secured on Stock)	90,000	Machinery	1,90,000
Creditors	3,50,000	Furniture	10,000
Income Tax Payable	20,000	Profit and Loss Account	3,00,000
	9,10,000		9,10,000

The assets realized as follows:

Debtors Rs.2,00,000; Stock Rs.1,10,000; Machinery Rs.2,00,000; Furniture 9,000; Liquidation Expenses were Rs.3,000 and liquidators Remuneration was Rs.2000 on assets realized and Rs. 2000 on Payments made to unsecured creditors. Prepare liquidators final statement of Affairs.

- 10 a) Distinguish between Amalgamation in the venture of purchase and Amalgamation in the nature of Merger.

OR

- b) S Ltd., and C Ltd. carrying on similar business agreed to amalgamation by forming CS Ltd. Their Balance Sheet as on 31.03.2017 was as follows:

Contd...3..

-3-

Capital and Liabilities	S Ltd. Rs.	C. Ltd. Rs.	Assets	S Ltd. Rs.	C. Ltd. Rs.
Share Capital Rs. 10 per share. Fully paid	5,00,000	3,00,000	Good will land	1,00,000 6,70,000	80,000 5,20,000
Reserve fund	2,00,000	2,50,000	Patents and Trademarks	1,60,000	1,05,000
Profit and Loss account	50,000	40,000	Bills Receivable	20,000	15,000
Creditors and Bills payable	2,25,000	1,55,000	Bank	25,000	25,000
	9,75,000	7,45,000		9,75,000	7,45,000

Show how the amount payable to each company is arrived at and pass necessary journal entries in the books of CS Ltd. Also prepare the amalgamated Balance sheet of CS Ltd.

11 a) The following is the Balance sheet of slow Ltd at 31st March 2017.

I Equities and Liabilities

(i) Share holder funds

Rs.

a) Share Capital

20,000 Equity share of Rs.10 each fully paid up.. 2,00,000

10% preference shares of Rs.100 each Fully paid up... 1,00,000

b) Reserves and surplus Nil

ii) Non-Current Liabilities

8% Debentures 1,00,000

iii) Current Liabilities

Trade creditors 2,00,000

Outstanding Expenses 1,00,000

Total: 7,00,000

II Assets

i) Non-Current Assets

Tangible: Buildings and Machinery 3,50,000

Intangible: Patents 2,00,000

ii) Current Assets

Inventories 1,00,000

Debtors 50,000

Total: 7,00,000

Contd..4..

-4-

With a view to reconstruct the company, it is proposed (a) to reduce (i) Equity shares by Rs.9 each (ii) 10% preference shares by Rs.40 each (iii) 8% debentures by 50 % of its Value.

- b) To write off 10% of debtors to reduce Buildings and Machinery by Rs. 1,20,000/- and to reduce patents to Rs.1,00,000/-
Give journal Entries incorporating the above scheme of reconstruction and prepare the reconstructed balance sheet.

OR

- b) Pass incorporation entries in the books of the company from the following particulars.

Purchase consideration =

Rs. 2,50,000

Value of sundry Assets taken over

Rs.3,00,000

Current liabilities taken over

Rs. 30,000

Statement of purchase consideration:

- (i) Rs.1,50,000 in the form of Equity shares of Rs.100 each and
(ii) The balance in the form of cash

- 12 a) Prepare profit and loss account for the year ended 31.03.2017 of very sound Bank Ltd.

	Rs.'0000
Interest on loans	250
Interest on savings A/cs	150
Interest on cash credits	160
Interest on Fixed Deposits	190
Interest on overdraft	70
Payments to employees	150
Discount on Bills Discounted	40
Rates and Taxes	5
Commission Exchange and Brokerage	15
Auditors' fee	10
Directors' fee	20

OR

- b) Give the format of Balance sheet of a Banking companies

- 13 a) A Fire occurred on 25th April, 2017 in the premises of a company. From the following particulars ascertain the amount of claim to be lodged in case of Loss of stock which was insured.

Stock on 1-1-2017	2,50,000	Manufacturing Expenses	1,00,000
Purchases from 1-1-2017		Sales from 1-1-2017	
To the date of fire	10,00,000	to the date of fire	
15,00,000			
Wages	2,00,000		
Gross Profit Ratio is 15%; the stock salvaged was estimated at Rs. 57,500/-			

Contd...5...

Code No. 3544/CBCS

-5-

OR

b) From the following information prepare Revenue Account of Bahubali Life Assurance

Company for the year end 31.03.2015

Particulars	Rs.('000)	Particulars	Rs.('000)
Premium received	6,250	Interest, Dividends and Rents(Gross)	1,240
Employees Remuneration	850	Income Tax on the above	100
Rent Rates and Taxes	50	Commission Paid	500
Printing and Stationary	20	Provision for Doubtful Debts	210
Claims paid by maturity	4000	Claims by death	1600
Consideration for Annuities granted	1440	Profit on sale of fixed Assets	60
		Surrenders	100
		Annuities paid	100

Additional Information:

- (i) Outstanding claims as on 31.03.2015
 (ii) Outstanding Premium as on 31.03.2015

 Rs
 (000)
 25
 35

SSS