

BACHELOR'S DEGREE (C.B.C.S) EXAMINATION, MARCH 2024

2022 ADMISSIONS REGULAR

SEMESTER IV - CORE COURSE (COMMERCE)

CO4B12B18 - Corporate Accounts II

Time : 3 Hours

Maximum Marks : 80

Part A

I. Answer any Ten questions. Each question carries 2 marks

(10x2=20)

1. Explain valuation balance sheet.
2. Explain bonus in reduction of premium in life insurance. Give journal entry.
3. Briefly explain the meaning of insurance and insurance premium.
4. Mention 2 differences between life insurance and general insurance.
5. Explain Cash Reserve.
6. Write about sub standard assets.
7. Explain the meaning of Surrender of share
8. Explain the Net Asset Method of calculating Purchase Consideration.
9. Explain the treatment of the difference between the secured creditors of Rs.10,000 and securities realised of Rs. 5,000 in the Liquidator's Final statement of Account.
10. Mention 2 differences between insolvency and liquidation.
11. Describe preferential creditors.
12. Describe fraudulent preference.

Part B

II. Answer any Six questions. Each question carries 5 marks

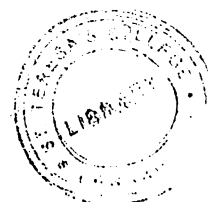
(6x5=30)

13. Distinguish between life insurance and general insurance.
14. The Life Fund of a life insurance company was Rs. 86,48,000 as on 31.3.2018. The interim bonus paid during the intervaluation period was Rs 1,48,000. The periodical actuarial valuation determined the net liability at Rs 74,25,000. Surplus brought forward from the previous valuation was Rs 8,52,000. The directors of the company proposed to carry forward Rs 9,31,000 and to divide the balance between shareholders and policyholders. Prepare
 - a) Valuation Balance Sheet
 - b) Net Profit for the valuation period
 - c) Distribution of surplus
15. Explain the asset classification of a banking company.
16. As on 31.12.2018, the books of Indian Bank include among others, the following balances:

Particulars	Amount
Rebate on bills discounted(1/1/2018)	3,20,000
Discount Received	46,00,000
Bills Discounted and Purchased	3,15,47,000

Throughout 2018, the bank's rate of discounting has been 18% p.a. On investigation and analysis, the average due date for the bills discounted and purchased is calculated as 14.2.2019.

Show the calculations of the amount to be credited to Bank's Profit and Loss Account under the 'Discount Earned' for the year 2018. Also show the required Journal Entries.



17. From the following details, compute the amount of provision required to be made in the profit and loss account of National Bank for the year 2017-2018.

Assets	Rs in lakhs
Standard Assets	16,000
Sub standard assets	12,000
Doubtful Assets:	
For One year (secured)	4800
For Two or Three years (secured)	3600
For More than three years	1800
(Secured by mortgage of machinery worth Rs 1000 lakhs)	
Non Recoverable (Loss assets)	3000

18. A company's position on 31.12.2020 was as follows:

20,000 Equity shares of Rs 100 each	20,00,000
10,000 6% Debentures of Rs 100 each	10,00,000
Interest outstanding on Debentures	1,20,000
Sundry Creditors	5,00,000
Fixed assets	20,00,000
Current Assets	6,50,000

Fixed assets were revalued at Rs 9,60,000 and current assets at Rs 4,80,000. The capital reduction scheme approved by the court was as follows:

1. The shares were sub-divided into shares of Rs 5 each and 90% of the shares were surrendered.
2. Claims of debenture holders were reduced to Rs 4,90,000 for which Rs 2,50,000 Equity shares were allotted.
3. Creditors agreed to reduce their claims by Rs 3,00,000; one-third of which was satisfied by the issue of Equity shares out of those surrendered.

Draft Journal entries.

19. Given below are the extracts of the Balance sheet of Rajitha Ltd as at 31.03.2020.

Particulars	Amount
Equity share capital of Rs 10 each	60,000
8% Preference share capital of Rs 10 each	5,000
7% Debentures	5,000
Trade payables	6,000
Reserves and surplus	24,000
(General Reserve 4,000 and surplus account 20,000)	
Tangible assets	44,000
Intangible assets (Goodwill)	28,000
Inventory	16,000
Trade receivables	8,000
Cash and Cash equivalents	4,000

Jain Ltd agrees to take over Rajitha Ltd. Calculate purchase consideration on the basis of the following information.

1. Goodwill is revalued at Rs 10,000.
2. Tangible assets are revalued at Rs 49,000.



3. Inventory and Trade Receivables are revalued at Rs 13,000 and Rs 8000 respectively.
4. Jain Ltd doesn't take over cash but agrees to assume the liability of trade payables at Rs 5000.

20. Explain preferential creditors. List down any 5 items included under preferential creditors.
21. Sunrise Ltd went into liquidation on 31.12.2020. Prepare Liquidator's final statement of Account from the following:

Preferential creditors	10,000
Unsecured creditors	1,50,000
12% Debentures	2,00,000
7% Preference share capital (shares of Rs10 each)	3,00,000
Liquidation expenses	2,000
Equity share capital (40,000 shares of Rs10 each)	4,00,000
Secured creditors (securities realized Rs.2,00,000)	1,60,000

Liquidator is entitled to get a remuneration of 2% on all assets realized and 3% on the amount paid to unsecured creditors. Sundry assets realized amounted to Rs.4,40,000.

Part C

III. Answer any Two questions. Each question carries 15 marks

(2x15=30)

22. The following is the balance sheet of Gloomy Ltd as on 31/3/2020.

Liabilities	Amount	Asset	Amount
Equity share capital of Rs 10 each	8,00,000	Goodwill	4,00,000
12% preference share capital of Rs 10	6,00,000	Fixed assets	8,00,000
8% Debentures	8,00,000	Stock	4,00,000
Creditors	4,00,000	Debtors	5,20,000
Provision for tax	2,00,000	Cash at bank	3,20,000
		Profit and Loss a/c (Dr)	3,60,000
	28,00,000		28,00,000

The following scheme is approved:

1. All existing equity shares are to be reduced to Rs 6 each.
2. Preference shares are to be reduced to Rs 8 each.
3. Debenture holders to forgo 20% of their claims, but to raise the rate of interest to 12%.
4. The taxation liability of the company to be settled at Rs 1,20,000.
5. The directors to refund Rs 1,20,000 already received by them.
6. Write off goodwill and debit balance in profit and loss a/c.
7. To revalue fixed assets.

Give journal entries and show the Balance sheet of the company.



23. Explain in detail the accounting procedure in the books of transferee company and transferor company.

24. The assets of Bajaj Ltd are purchased by Ronald Ltd. The purchase consideration was as follows.

1. A payment in cash at Rs 90 for every equity share in Bajaj Ltd.
2. A further payment in cash at Rs 550 for every debenture in Bajaj Ltd, which the debentureholders have agreed to, accept in full discharge of their debentures.
3. An exchange of 4 shares of Ronald Ltd of Rs 75 (quoted in the market @ 140 each) for every

share in Bajaj Ltd.

Liabilities	Amount	Assets	Amount
Share capital (12000 x Rs 500)	60,00,000	Land and building	27,20,000
Surplus a/c	20,000	Plant and machinery	30,00,000
Reserve fund	6,50,000	Patent	400,000
Insurance fund	130,000	Furniture	100,000
Workmen savings fund	4,00,000	Inventories	20,00,000
1300, 10% debentures Rs 500 each	13,00,000	Sundry debtors	600,000
Sundry creditors	500,000	Cash at bank	1,80,000
	90,00,000		90,00,000

Make necessary journal entries in the books of Bajaj Ltd. Also prepare ledger accounts.

25. (1) Give the order of payment followed by a liquidator for settling various claims when a company is liquidated.
- (2) Calculate the liquidator's remuneration from the following information:
Assets realized: Rs 18,90,000 including cash balance: Rs 90,000
Liquidator's remuneration: 2% on the assets realized.
- (3) Calculate the liquidator's remuneration when cash available for distribution among unsecured creditors is Rs.1,00,000 and the unsecured creditors are Rs.60,000. Also, liquidator's remuneration is 10% of the amount distributed among the unsecured creditors.
- (4) From the following particulars relating to Alpe Ltd which was liquidated on 31.12.2018, calculate the amount of preferential creditors and unsecured creditors.

Trade creditors	1,42,200
Provident fund for workers	11,000
Gas bill O/S for gas supplied	420
Salary of clerk for 6 months	30,000
Director's fees for 4 months	8,000
Income tax due for 2016-17	10,000

