

BACHELOR'S DEGREE (C.B.C.S) EXAMINATION, MARCH 2025
2018, 2019, 2020, 2021, 2022 ADMISSIONS SUPPLEMENTARY
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 reinsurance and also differentiate it from double insurance.
2. Describe paid up value policy. Give its formula.
3. Explain life assurance fund. Give its treatment.
4. Briefly Explain about Marine insurance.
5. Explain Income Recognition.
6. Explain Cash Reserve.
7. Explain sub-division of shares. Illustrate with an example.
8. Explain Share Exchange method.
9. Mention 2 differences between insolvency and liquidation.
10. Discuss about liquidator.
11. Calculate the liquidator's remuneration when cash available for distribution among unsecured creditors is Rs.88,000 and the unsecured creditors are Rs.89,000. Liquidator's remuneration is 10% of the amount distributed among unsecured creditors.
12. Explain the role of a liquidator.

Part B**II. Answer any Six questions. Each question carries 5 marks****(6x5=30)**

13. Explain life Insurance. Explain the different types of life insurance.
14. (1) Define premium.

(2) From the following information, calculate the amount of premium to be credited to Revenue account.

Premium received during 2017-18	20,00,000
Outstanding premium on 31.3.2018	50,000
Premium received in advance on 31.3.2018	1,00,000
Outstanding premium on 1.4.2017	1,50,000
Premium received in advance on 1.4.2017	75,000
Bonus in reduction of premium adjusted	22,000
Re-insurance premium for the year	2,00,000

15. Write about slip system of posting and mention its advantages.
16. The following is an extract from the Trial Balance of Dreams Bank Ltd as on 31/3/2018.

	Debit	Credit
Bills discounted and purchased	50,00,000	
Rebate on bills discounted (1/4/2017)		20,057
Discount received		1,50,000

The following unexpired bills are included in the Bills Discounted as shown above:

Date of bill	Amount	Period	Discount rate
10.01.2018	3,00,000	4 months	12% p.a
15.02.2018	4,00,000	3 months	10% p.a
20.03.2018	5,00,000	2 months	10% p.a

Calculate rebate on bills discounted as on 31.3.2018. Find out the amount of discount to be credited to profit and loss account. Pass appropriate journal entries. How will the relevant items appear in the balance sheet?

17.

Interest on loan	2,60,000
Interest on overdraft	56,000
Interest on cash credit	2,25,000
Discount on bills discounted	2,00,000
Rebate on bills discounted	50,000
Interest on fixed deposits	2,80,000
Interest on savings bank account	70,000
Interest on current account	45,000
Interest on borrowings	68,000
Commission charged to customers	9,000
Establishment expenses	56,000
Printing and advertisement	3,000
Rent and taxes	20,000
Directors fees	4,000
Postage and telegrams	2,000
Sundry charges	2,000
Profit and Loss a/c balance(cr) on 1.4.2017	1,32,000

From the above details prepare Profit and Loss account of Fuji Bank Ltd for the year ended 31.3.2018

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. What do you mean by preferential creditors? A company went into liquidation, whose creditors are Rs.36,000 which includes Rs.6,000 on account of wages of 15 men at Rs.100 per month for 4 months immediately before the date of winding up; Rs.9,000 being the salaries of 5 employees at Rs 300 per month for the previous 6 months, rent for godown for the last 6 months amounting to Rs.3,000; income tax deducted out of salaries of employees Rs.1,000 and director's fees Rs500. In addition, it is estimated that the company would have to pay Rs.5000 as compensation to an employee for injuries suffered by him. Calculate the amount of preferential creditors.

21. Nayana Ltd went into voluntary liquidation. The following relates to the company on liquidation:

Sundry assets realised	6,90,000
Secured creditors (Securities realized Rs.1,00,000)	80,000
Liquidator's remuneration	10,000
Liquidation expenses	7,000
Preferential creditors	30,000
Unsecured creditors	2,60,000
Debentures having a floating charge on all assets	2,00,000
Equity share capital (50,000 shares @ Rs10 each)	5,00,000

Prepare Liquidator's final statement of account.

Part C

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

(2x15=30)

22. Tarun Ltd presents the following ledger balances as on 31.3.2020.

Liabilities	Amount	Asset	Amount
4000 Equity share of Rs 100 each	4,00,000	Goodwill	60,000
3000, 10% Preference share of Rs 100 each	3,00,000	Land and building	1,50,000
Profit prior to Incorporation	10,000	Plant and machinery	3,00,000
12% Debentures	3,00,000	Patents	30,000
	2,00,000		2,20,000

Sundry Creditors		Stock	1,50,000
		Sundry Debtors	5000
		Cash at bank	25,000
		Preliminary expense	2,70,000
		Surplus a/c (Negative balance)	
	12,10,000		12,10,000

Following scheme of reconstruction was duly approved:

1. 10% Preference share be converted in to 12% preference share, the amount being reduced by 30%.
2. Equity shares be reduced to shares of Rs 50 each.
3. Land and building be appreciated by 20%.
4. 12% debentures be reduced by 20% by issuing 15% debentures of the same amount.
5. All intangible assets and fictitious assets including patents be written off.
6. Utilise profit prior to incorporation, if necessary.
7. Equity shareholders to subscribe new equity share of Rs 1,00,000, the amount to be utilised for acquiring new plant and machinery.

Give journal entries and show the balance sheet after reconstruction.

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

24. Following is the summarised Balance sheet of Whatsapp Ltd as at 31.03.2018.

Particulars	Amount
I. EQUITY AND LIABILITIES	
1. Shareholders fund:	
a) Equity share capital (Rs 100) 15,00,000	
11% Preference share capital 5,00,000	20,00,000
b) Reserve and surplus (general reserve)	3,00,000
2. Non current Liabilities	—
3. Current liabilities	
a) trade payables (Sundry creditors)	2,00,000
TOTAL	25,00,000
II ASSETS	
1. Non current assets	
a) Fixed assets	
(i) Tangible assets	
Land and building 10,00,000	
Plant and machinery 7,00,000	
Furniture and fittings 2,00,000	19,00,000
b) Current assets	
Inventories (Stock in trade)	3,00,000
Trade receivables (Sundry debtors)	2,00,000
cash and cash equivalent (cash at bank)	1,00,000
TOTAL	25,00,000

Facebook Ltd agrees to take over whatsapp Ltd on the following terms:

1. Each equity share in whatsapp Ltd for the purpose of absorption is to be valued at Rs 80.

2. Equity shares will be issued by Facebook Ltd by valuing its each equity share of Rs 100 each at Rs 120 per share.
3. 11% preference shareholders of Whatsapp Ltd will be given 11% redeemable debentures of Facebook Ltd at equivalent value.
4. All the assets and liabilities of whatsapp Ltd will be recorded at the same value in the books of Facebook Ltd.

You are required to calculate purchase consideration and journal entries in the books of Facebook for absorbing whatsapp.

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