

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom(CS) DEGREE EXAMINATION DECEMBER 2017
(Fifth Semester)

Branch - **CORPORATE SECRETARYSHIP**

CORPORATE ACCOUNTING - II

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks (10 x 2 = 20)

Write short notes;

- 1 Define bank.
- 2 What is statutory reserve?
- 3 What is insurance?
- 4 Write short note on claims.
- 5 What do you mean by double accounting system?
- 6 Write a note on replacement of an assets.
- 7 What is an independent branch?
- 8 How do you apportion the following expenses in department accounts
(a) Power (b) Rent and rates.
- 9 What is indemnity period?
- 10 What is cost of goods sold?

SECTION - B (25 Marks!)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks (5 x 5 = 25)

- 11 a Chennai Bank held the following bills on 31.3.2014.

Date of bill	Amount	Term (months)	Discount per annum (%)
09-02-2014	50,000	4	18
17-02-2014	60,000	3	15
06-03-2014	40,000	4	16.5

Calculate the rebate on bills discounted and give necessary journal entry.

OR

- b On 31st December 2014, the bank had the following bills.

Date of bill	Amount	Term (months)	Discount per annum (%)
12-10-2014	36,500	6	7
07-11-2014	73,000	4	6.5
01-12-2014	18,250	3	6

Calculate the rebate on bills discounted and pass journal entry.

- 12 a The revenue account of life insurance business shows the fund at the end of the year 2006 at Rs. 48,78,000 before taking into account the following items:

- a) Claims intimated but not admitted 65,500
- b) Bonus utilized in reduction of premium Rs. 6,500
- c) Interest accrued on securities Rs. 19,500
- d) Outstanding premium Rs. 18,000
- e) Claims covered under reinsurance Rs. 27,000.

Calculate the corrected life assurance fund.

OR

- b Prepare valuation balance sheet and the distribution statement from the following particulars of AIG life insurance company as on 31.3.2015. Life insurance fund as on 31.3.2015 Rs. 16,00,000, Net liabilities as per valuation Rs. 12,00,000, and interim bonus paid Rs. 1,50,000.

Prepare the capital account on Guntur light company.

Particulars	Amount	Particulars	Amount
Cost of generating electricity	6,000	Rents and taxes	800
Cost of distributing electricity	1,200	Depreciation	4,000
Sales of current	26,400	Management expenses	2,400
Rent of meters	600	Debenture interest	5,000
Cash	5,500	Interim dividend	5,000
Debentures	5,000		

OR

An electricity company laid down a main at a cost of Rs. 50,000. Some years later the company laid down an auxiliary main for one-fifth of the length of the old main at a cost of Rs. 15,000. It also replaced the rest of the length of the old main at cost of Rs. 60,000. The cost of materials and labour had gone up by 20%. Sale of old material realised Rs. 1,000 only. Old materials valued at Rs. 1,000 were used in renewal and those valued at Rs. 500 were used in the construction of the auxiliary main. Show the entries.

A company has 2 departments A & B. Department A supplies goods to department B at its usual selling price. From the following figures prepare departmental trading a/c for the year 2015.

Particulars	A	B
Opening stock 1.1.2015	30,000	
Purchases	2,10,000	
Transfer to B	50,000	50,000
Sales	2,00,000	60,000
Closing stock 31.12.2015	40,000	10,000

OR

Distinguish between department and branch a/c.

Fire occurred in the premises on 1.10.2015 and the business books and records were saved. The following information were obtained:

Purchases for the year ending 31.3.2014 - 60,000, sales for the year ending 31.3.2014 - 90,000, purchases from 1.4.2014 to 30.9.2014 - 35,000, sales from 1.4.2014 to 30.9.2014 - 50,000, stock on 31.3.2014 - 28,000, stock on 31.3.2013 - 40,000.

Calculate the amount of claim to be presented to the insurance company in respect of loss by fire.

OR

On 31.12.2014 fire damaged the premises of a shop and the business of the firm was disorganized till 31.3.2015. The shop had taken a fire policy under the loss of profit for Rs. 26,000 with a six months period of indemnity. The shop's accounts for the year ended 31.10.2014 showed a turnover of Rs. 70,000 with a net profit of Rs. 8,000. The standing charges (insured) amounted to Rs. 20,000. The turnover for the 12 months ended 31.12.2014 was Rs. 78,000. The turnover during the dislocated period of the business was Rs. 8,000, while the preceding year during the same period the turnover was Rs. 17,000. Rs. 2,000 were spent as additional expenses to mitigate the effect of the loss there being however no saving in the standing charges due to fire. Prepare a statement of claim to be submitted.

SECTION - C (30 Marks)Answer any **THREE** Questions**ALL** Questions Carry **EQUAL** Marks (3x10 = 30)

16 From the following information prepare the profit and loss account of ABC Bank Ltd. for the year ended on 31.3.1982 in the prescribed form.

Particulars	Amount
Interest on loan	2,59,000
Interest on fixed deposit	2,75,000
Rebate on bills discounted received	49,000
Commission	8,200
Establishment	54,000
Discount on bills discounted	1,95,000
Interest on cash credit	2,23,000
Interest on current account	42,000
Rent and taxes	18,000
Interest on overdraft	1,54,000
Directors fees	3,000
Auditors fees	1,200
Interest on saving bank deposits	68,000
Postage and telegrams	1,400
Printing and stationery	2,900
Sundry charges	1,700

Bad debts to be written off amounted to Rs. 40,000, provision for taxation may be made at 55%. Balance of profit from last year was Rs. 1,20,000. the directors have recommended a dividend of Rs. 20,000 for the shareholders.

The new age assurance limited had a paid up capital of Rs. 2,50,000 divided into 25,000 shares of Rs. 10 each. Its net liability on all contracts in force as on 31.3.2014 was Rs. 22,50,000 and as on 31.3.2013 this liability was Rs. 20,00,000. From the following figures extracted from its books for the year ended 31.3.2014. Prepare revenue account. The company paid on interim bonus of Rs. 1,10,000 and 20% of the surplus is to be allocated to shares holders, 10% to the catastrophe and the balance carried forward.

Particulars	Amount
Life fund	24,50,000
Premium less reinsurance premium	13,80,000
Interest, dividend and rents	7,50,000
Fines and fees	4,000
Income tax	1,18,000
Management expenses	1,75,000
Annuities paid	10,000
Commission	54,000
Surrenders	85,000
Surplus on revaluation on reversions	4,000
Reassurance irrecoverable	1,000
Claims less reinsurance claims	8,90,000
Consideration for annuities granted	45,000

- 18 From the following balances as on 31.12.2014 appearing in the ledger of the electric light and power Co. Prepare revenue a/c net revenue a/c, capital a/c and general balance sheet.

Particulars	Amount	Particulars	Amount
Equity share	54,900	Stores on hand	700
Debentures	20,000	Cash	300
Cost of generating electricity	3,000	Other debtors	50
Machinery	60,000	Land	15,000
Mains including cost of laying	20,000	Rents and taxes	400
Spent on mains during year	5,100	Depreciation	2,000
Management expenses	1,200	Land purchased	500
Machine purchased	500	Sale of current	13,200
Sundry creditors	100	Rent of meters	300
Depreciation fund	25,000	Interest on debentures	1,000
Sundry debtors for current supplied	4,000	Balance-net revenue account 1.1.2014	2,850
Cost of distributing electricity	600	Dividends	2,000

- 19 Goods are invoiced by head office to its branch at Jaipur at cost plus 25%, all the expenses of the branch are paid by head office. Branch keeps only debtors ledger and sales ledger. Prepare Jaipur branch a/c and its trading and profit and loss account for the year ended 31.12.91 from the following particulars of the branch given below:

Closing stock (Invoice price)	13,500	Cash sales	13,125
Credit sales	30,750	Expenses of branch paid by head office	7,800
Cash received from debtors	28,425	Good received from head office	22,500
Opening stock (invoice price)	18,000	Debtors 31.12.91	6,870

Goods in transit from head office 31.12.91 - 1,350.

- 20 Calculate the insurance claim in respect of stock in trade destroyed' by fire on 1.6.1996.

The detail from January 1 to June 1 1996 are as follows.

Balance of stock on 1.1.96 at cost	26,000
Debtors on 1.1.96	50,000
Debtors on 1.6.96	80,000
Cash received from debtors	60,000
Discount allowed to debtors	10,000
Cash purchase	10,000
Cash paid to suppliers	67,000
Creditors on 1.1.96	16,000
Creditors on 1.6.96	18,500

Rate of gross profit on cost is 25%. Calculate the amount of claim taking into account that goods salvaged from fire were worth Rs. 3,000.

Z-Z-Z

END