

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BCom DEGREE EXAMINATION DECEMBER 2019
(Fifth Semester)

Branch - **COMMERCE (COST AND MANAGEMENT ACCOUNTING)**

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)

- 1 Explain Purchase Consideration.
- 2 What are the objectives of Amalgamation.
- 3 What is Minority interest?
- 4 What is Reserve fund?
- 5 What is Banking Company?
- 6 What is Statutory Reserve?
- 7 Explain the kinds of Insurance.
- 8 How marine fund at the end date is computed?
- 9 How is room occupancy rate calculated in case of hotels.
- 10 State IRDA regulations 2002.

SECTION - B (25 Marks!)

Answer **ALL** Questions

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

- 11 a Explain the terms amalgamation, absorption and external reconstruction.

OR

- b A Ltd., agreed to purchase B Ltd., and to discharge consideration by issue of shares of Rs. 10 each.

	A	B		A	B
Shares of Rs.10 each	4,00,000	8,00,000	Shares in B Ltd	30,000	
Creditors	1,00,000	2,00,000	Sundry assets	4,70,000	10,00,000
	5,00,000	10,00,000		5,00,000	10,00,000

Prepare the revised balance sheet of A Ltd.

- 12 a The following are the balance sheet of H Ltd and S Ltd as at 31st March 2000:

Liabilities	H Ltd	S Ltd	Assets	H Ltd	S Ltd
Shares of Rs.10 each	5,00,000	2,00,000	Sundry assets	4,36,000	3,04,000
Reserves	1,00,000	50,000	100% shares in S Ltd (at cost)	2,44,000	
Creditors	80,000	60,000	Preliminary expenses		
	6,80,000	3,10,000		6,80,000	3,10,000

The shares were acquired on 31 March 2000. Prepare a consolidated balance sheet as at 31st March 2000.

OR

- b On 1st April 1999, S Ltd had a subscribed capital of Rs.5,00,000 divided into 50,000 fully paid equity shares of Rs.10 each. It had accumulated capital and revenue profits to the tune of Rs.3,90,000 by that date when H Ltd acquired 80% of its shares for Rs.9,00,000. The profit earned by S Ltd. amounted to Rs.2,60,000 for the year ended 31.3.2000 on which date S Ltd issued by way of bonus are fully paid equity share of Rs.10 every five equity shares held out of its pre-acquisition profits.

Immediately after issue of bonus shares calculate the cost of control as on 31st March 2000.

- 13 a On 31st December 1996, the loan account in the books of a bank showed a debit balance of Rs.2,00,000 including Rs.40,000 due from merchant which is doubtful. The interest accrued on this loan upto 31.12.1996 was Rs.10,000 including Rs.2,000 on doubtful debt. The merchant became insolvent and the official receiver paid a dividend of 25 paise in the rupee on 31.12.1997.

Pass necessary journal entries in the books of bank on 31.12.96 and 31.12.97

13 Cont...

b From the following information, determine the amount of provision for bad and doubtful debt to be made in the profits and loss account of bank:

Rs.

Assets:	
Standard	60,00,000
Sub-standard	30,00,000
Doubtful:	
For one year	6,00,000
For 2 to 3 years	3.00. 000
More than 3 years	20.00. 000
Loss assets	15,00,000

14 a From the following calculate the amount to be credited as a premium to reserve account.

Rs.

Premium received	5,00,000
Premium on reinsurance accepted	1,00,000
Premium on reinsurance ceded	2,00,000
Outstanding claims	3,00,000

OR

b Explain the following items relation to an insurance company.
(i) Reinsurance (ii) Commission in reinsurance ceded.

15 a Write a note on accounting for hotels.

OR

b What are the methods of value Human Resource Accounting?

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SECTION - C (30 Marks)

Answer any **THREE** Questions

ALL Questions Carry **EQUAL** Marks (3 x 10 = 30)

16 A Ltd., agreed to absorb B Ltd., as on 31.12.95. the Balance sheet of B Ltd., on that date was as follows:

	Rs.		Rs.
Shares Capital (shares of Rs.10 each)	6,00,000	Fixed assets	7.40.000
Reserves	2,80,000	Current Assets	2.60.000
6% Debentures	1,00,000		
Sundry Creditors	20,000		
	10,00,000		10,00,000

The purchase consideration payable was:

- A Cash payment of Rs.2.50 per share in B Ltd.
 - The issue of 90,000, Rs.10 shares at an agreed value of Rs.15 per share.
 - The issue of such an amount of fully paid 8% debentures of A Ltd., at 96% as are sufficient to discharge the 6% debentures of B Ltd., at a premium of 20%.
- Show the necessary Ledger A/c's in the books of B Ltd.

17 On 31.3.2008, the following balances stood in the books of Old bank Ltd., after preparing profit and loss account. Prepare balance sheet of bank on 31.3.08

	Rs.
Share Capital	1,750
Reserve Fund	1,225
Fixed Deposit	3,325
Saving Bank accounts	10,500
Current accounts	28,000
Money at call and short notice	1,050
Investment at cost	10,500
Profit and Loss account (cr.) 1.4.2007	735
Dividends for 2007	175
Land and buildings after depreciation	3,722
Cash in hand	210
Cash with RBI	5,250

17 Cont...

	Rs.
Borrowings from other banks	2,200
Bills discounted and purchased	2,100
Sundry Creditors	105
Bills Payable	2,800
Unclaimed dividend	105
Bills for collection	490
Acceptance on behalf of customers	700
Net Profit for 2007-08 (after detecting provision for bad debts Rs. 1,05,000, tax provision Rs.3,50,000 and rebate on bills discounted Rs. 17,000).	840
Loan/Overdraft	24,500

18 From the following details, prepare Revenue account and Balance Sheet.

	Rs.	Rs.
Mortgages on property within India	4,00,000	.
Mortgages on property outside India	50,000	.
Loans on life interest	1,00,000	.
Loans on Reversions	2,00,000	.
Loans on policies with their surrender value	6,00,000	.
Investments:		
Municipal Securities	5,00,000	.
Indian and foreign government securities	10,00,000	.
Freehold ground rent	8,00,000	.
Reversions	5,00,000	.
Outstanding premiums	50,000	-
Outstanding interest, dividend and rent	10,000	.
Surrenders on business outside India	1,000	.
Surrenders on business within India	20,000	.
Cash in hand	50,000	-
Claims admitted but not paid	.	10,000
Claims on business within India	2,00,000	.
Claims on business outside India	10,000	.
Sundry Creditors	.	15,000
Life Insurance Fund in the beginning	-	40,00,000
Expenses of Management	20,000	-
Premiums on business within India	.	4,80,000
Premiums on business outside India	.	6,000
	45,11,000	45,11,000

19 The following are the balance sheets of H Ltd and S Ltd, as on 31.3.1995.

Liabilities	H Ltd Rs.	S Ltd Rs.	Assets	H Ltd Rs.	S Ltd Rs. !
Shares of Rs.10 each	6,00,000	2,00,000	Machinery	3,00,000	1,60,000
General Reserve	1,50,000	70,000	Furnitures	70,000	45,000
Profit & Loss A/c	70,000	50,000	Stock	1,75,000	1,89,000
Creditors	90,000	60,000	Debtors	55,000	30,000 !
			Cash	50,000	10,000 !
			Preliminary expenses	-	6,000
			70% shares in S Ltd at cost	2,60,000	-
	9,10,000	3,80,000		9,10,000	3,80,000

H Ltd., acquiree the shares of S Ltd., on 30.6.1994. On 1.4.1994, S Ltd's General Reserve and Profit and Loss a/c stood at Rs..60,000 and Rs.20,000 respectively, No part of the preliminary expenses was written off in the year ended 31.3.1995.

Prepare consolidated balance sheet of H Ltd. and its subsidiary S Ltd as 31.3.95.