

**PSG COLLEGE OF ARTS & SCIENCE**  
(AUTONOMOUS)  
**BCom (CS) DEGREE EXAMINATION DECEMBER 2019**  
(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)

- 1 What is rebate on bills discounted?
- 2 Define disposal of non- banking assets
- 3 What do you mean by principal of Indemnity ?
- 4 Define unexpired risks.
- 5 Point out any three features of double accounting system.
- 6 What is replacement of an assets ?
- 7 State any four objectives of branch accounting.
- 8 Define departmental accounting.
- 9 Define average clause.
- 10 What is standing charges and give certain examples.

**SECTION - B (25 Marks)**

Answer **ALL** Questions

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

- 11 a From the following particulars prepare profit and loss account of World Bank for the year 31<sup>st</sup> March 2009.

	Rs(000)		Rs(000)
Interest on deposits	3,200	Discount on bills discounted	1,490
Commission (Cr)	100	Interest on overdrafts	1,600
Interest on loans	2,490	Interest on cash credit	2,320
Sundry charges (Dr)	100	Auditors fees	35
Rent & taxes	200	Directors fees	16
Payment to employees	500	Bad debts to be written off	300

OR

Prepare profit and loss account for the year ended 31<sup>st</sup> March 2008 of Sound bank ltd from the following particulars. .

	Rs(000)		Rs(000)
Interest on loan	250	Discount on bills discounted	40
Interest on saving bank A/c	150	Rent, Taxes, Insurance	5
Interest on cash credit	160	Commission, Exchange & Brokerage	15
Interest on fixed deposits	190	Auditors fees & Expenses	10
Interest on overdraft	70	Directors fees & Expenses	20
Payment to employees	150		

- 12 a The Life Assurance fund of an Insurance company on 31<sup>st</sup> March 2008 showed a balance of Rs. 87,76,500. It was later found that the following were not taken into account.
- a) Dividend from Investment Rs.4, 80,000
  - b) Income -tax on above Rs. 48,000
  - c) Bonus in reduction of premium Rs. 8, 77,500 (not taken as expenses)
  - d) Claims covered under Re-insurance Rs.4, 23,000
  - e) Claims intimated but not accepted by the company Rs.7, 62,000.

Ascertain correct balance of the fund.

OR

- b A Life Assurance Corporation gets its valuation made once in every two years. The Life fund on 31<sup>st</sup> March 2009 amounted to Rs. 41,92,000 before providing for Rs.32,000 for the shareholders dividend for the year 2008-2009. Its actuarial valuation on 31<sup>st</sup> March 2009, disclosed net liability of Rs.40,40,000 under the assurance and annuity contracts. An interim bonus of Rs. 40,000 was paid to the policyholder during the period ending 31<sup>st</sup> March 2009. Prepare a statement

- 13 a The Indian gas company rebuilt their works with double the capacity at a cost of Rs. 8,00,000. The cost of the part of the old works was Rs.3,50,000. In working the new works old material of Rs. 15,000 was reused and materials worth Rs.25,000 was sold away. The cost of labour and materials are 50% higher now than when the old works were built. You are required to make necessary calculations and give journal entries.

OR '

- b Electric supply ltd. Rebuilt and re equipped one of their mains at a cash cost of Rs. 40,00,000. The old mains thus superseded cost of Rs. 15,00,000. The capacity of the new mains is double that of the old main.  
Rs.70,000 was realized from sale of old materials. Four old motors valued at Rs. 2,00,000 from the old main were used in the reconstruction. The cost of labour and materials in respectively 30% and 25% higher now than when the old main was built. The proportion of labour to materials in the main then and now is 2;3. Show the journal entries for recording the above transactions, it accounts are maintained under double accounts system.
- 14 a S.P who carried on a retail business opened a branch X on January 1st 2005 Where all sales were on credit basis. All goods required by the branch were supplied from the Head office and were invoiced to the branch at 10% above cost .The following were transactions during January to March 2005.

	January Rs	February Rs	March Rs
Goods sent to Branch (purchase price)	40,000	50,000	60,000
Sales as shown by the branch monthly report	38,000	42,000	55,000
Cash received from debtors and remitted to Head office	20,000	51,000	35,000
Returns to head office (invoice price to Branch )	1,200	800	2,400

The stock of goods held by the branch on March 31<sup>st</sup> 2005, amounted to Rs 53,900 at invoice price to branch. Record these in the Head Office books, showing balances as on 31<sup>st</sup> March 2005 and the branch gross profit for the three months ended on that date . All working should form part of your answer.

OR

- b The directors of departmental stores ltd wish to ascertain approximately the net profit of the A,B and C departments separately for the quarter ended 31<sup>st</sup> March 2006. It is found impracticable actually to take stock on that date but an adequate system of the department accounts is in use and the normal rate of gross profit for the department concerned are 40%,30% and 20% on turnover respectively. Indirect expenses are charged in proportion to departmental turnover.

Following are the figures for each department:

	A (Rs)	B (Rs)	C (Rs)
Stock (1.1.2006)	30,000	35,000	15,000
Purchases to March 31,2006	35,000	37,500	23,500
Sales to March 31,2006	60,000	50,000	30,000
Direct Expenses	10,100	7,250	3,550

Total indirect expenses for the period (including those relating to other departments) were Rs.21,000, on total sales of Rs. 4,20,000. Prepare a statement showing gross profit, net profit after making reserve for stock at 10% in respect of each department.

- 15 a A fire occurred on the premises of a merchant on 18<sup>th</sup> September 2006 and a considerable part of the stock was destroyed. The value of the stock saved was Rs 8,200. The books disclosed that on 1<sup>st</sup> April 2006 the stock was valued at Rs 66,850, the purchases to the date of fire amounted to Rs 1,85,000 and the sales to Rs 2,82,500. Goods costing Rs 500 were taken for personal use and goods sold for Rs 2,500 were returned to the merchant. On investigation it is found that during the past five years the average gross profit on the cost was 25% . You are required to prepare statement showing the amount the merchant should claim from the insurance company in respect of stock destroyed by fire.

15 Cont..

- b Fire occurred in the premises of Popat lal on 10<sup>th</sup> March 2005 . In order to make a claim on their fire policies in respects of the stock.

	2002 RS	2003 RS	2004 RS	2005 RS
Opening stock as valued	76,000	1,14,000	1,52,000	76,000
Purchase less Returns	3,60,000	4,30,000	4,60,000	1,50,000
Sales less Returns	5,60,000	7,00,000	8,00,000	2,60,000
Wages and manufacturing Expenses	1,50,400	1,91,000	1,40,000	45,000
Closing stock	1,14,000	1,52,000	76,000	-

The stock saved Rs 15,400. It was practice of the firm to value the stock at 5% less cost. Determine the amount of claim to be recovered from the insurance company.

**SECTION - C 130 Marks'**

Answer any **THREE** Questions

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

- 16 From the following ledger balances of Laxmi Bank Limited, prepare Profit and Loss Account and Balance Sheet as on 31<sup>st</sup> March 2008:

	Rs (000)		Rs(000)
Share Capital: 12,500 Equity shares of Rs.100 each	1,250	Cash in hand with Reserve Bank of India	1,584
Statutory Reserve	600	Money at Call and Short notice	274
Current account & Deposit account	7,732	Bills discounted	379
P/L account (balance)	15	Loans and Advances	4,665
Interest Paid	27	Bank Premises and Furniture	418
Government Securities	600	Non- Banking Assets	337
Other Securities	825	Make a provision for rebate on Bills discounted Rs. 3,000	
Shares and Stock	637		
Payment to Employees	74		
Depreciation on Premises	22		
Interest, discount and commission	245		

- 17 From the following balances as at March 31<sup>st</sup> 2008 in the books of General Insurance co Ltd. Prepare a Revenue Account in respect of Fire Insurance

	Rs (000)		Rs (000)
Claims paid	4,80,000	Commission on reinsurance accepted	4,000
Claims paid outstanding on 1-4-2007	40,000	Expenses on management,	3,14,000
Claims intimated and accepted but not paid on 31.3.2008	70,000	Reinsurance recoveries of claims	8,000
Premium received	12,12,000	Survey expenses regarding claims	5,000
Reinsurance premium paid	1,20,000	Loss on sale of motor car	3,500
Commission	2,00,000	Bad debts	2,500
Commission on reinsurance ceded	8,000	Refund of double taxation	4,500
Reserve for unexpired risks on 1.4.2007	4,00,000	Interest and dividends	8,000
Additional reserve for unexpired risks on 1.4.2007	20,000	Income-tax deducted thereon	1,500
Rent of staff quarters deducted from salaries	2,400	Legal expenses regarding claims	4,000
Depreciation on furniture	4,600	Profit on sales of Investment	3,500

net premium addition to the opening balance of Additional R

18 The following balances appeared in the books of Universal Electric Supply Corporation Ltd as on 31<sup>st</sup> March 2008:

Particulars	Dr	Cr
Equity shares		6,00,000
Debentures		2,00,000
Land on 31.3.2007	1,50,000	
Land purchased during the year	60,000	
Mains including cost of laying to 31.3.07	1,60,000	
Mains expended during the year	76,000	
Machinery on 31.3.07	5,50,000	
Machinery purchased during the year	66,000	
Sundry creditors		1,000
Depreciation fund		2,50,000
Sundry debtors for current supplied	40,000	
Other books debts	500	
Stores in hand	6,000	
Cash in hand	4,000	
Cost of generation of Electricity	30,000	
Cost of distribution of Electricity	9,000	
Sale of current		1,50,000
Meter rent		5,000
Rent, Rates and Taxes	12,000	
Establishment Expenses	21,000	
Interest on Debentures	10,000	
Interim Dividend	20,000	
Depreciation	20,000	
Net Revenue Account balance on 31.3.2007		28,500
	12,34,500	12,34,500

From the above balances Prepare Capital Account, Revenue Account, Net Revenue Account and General Balance sheet.

19 From the following Trial balance prepare Departmental Trading and Profit and loss account for the year ended 31<sup>st</sup> Mach 2005 and Balance sheet as at that date .

TRIAL BALANCE

	Dr RS	Cr RS
<b>Stock 1.4.2004</b>		
Department A	17,000	
Department B	14,500	
<b>Purchases</b>		
Department A	35,400	
Department B	30,200	
<b>Sales</b>		
Department A		60,800
Department B		51,250
<b>Wages</b>		
Department A	8,200	
Department B	2,700	
Rent, rates ,taxes and insurance	9,390	
Sundry expenses	3,600	
Salaries	3,000	
Lighting and heating	2,100	
Discount allowed	2220	
Discount received		650
Advertising	3,680	
Carriage inwards	2,340	

19 Cont...

Plant and machinery	21,000	
Sundry debtors	6,060	
Sundry creditors		18,600
A's capital		47,660
A'S Drawings	4,500	
Cash in hand	170	
Cash at bank	9,900	
	1,78,960	1,78,960

The following information is also provided:

- a. Internal transfer of goods from Department A to B Rs. 420
- b. The items rent, taxes and insurance, sundry expenses, lighting and heating, salaries and carriage inwards to be apportioned 2/3 to Dept A and 1/3 to Dept B.
- c. Advertising to be apportioned equally
- d. Discount allowed and received are apportioned on the basis of department sales and purchases (excluding transfer) correct to nearest Rs.10.
- e. Depreciation at 10% per annum on furniture and fittings and on plant and machinery this is to be charged 3/4 and 1/4 to Department A and B
- f. Services rendered by Department B to A included in wages Rs. 500
- g. Stock as at 31.3.05 Department A Rs .16,740 and B Rs.12,050
- h. Fixes assets remain unchanged during the year.

20

On 30<sup>th</sup> September 2004 the stock was lost in a fire accident. From the available following information is made available to you to prepare a statement of claim on the insurance :

	Rs
Stock at cost on 1.4.03	37,500
Stock at cost on 31.3.04	52,000
Purchases less returns for the year ended 31.3.04	2, 53,750
Sales less returns for the year ended 31.3.04	3,15,000
Purchase less returns up to 30.9.04	1,45,000
Sales less returns up to 30.9.04	1,84,050

In valuing the stock on 31.3.04 due to obsolescence (abnormal) 50% of the value of the stock which originally cost Rs 6,000 had been written off in May 2004, three - fourth of this stock had been sold at 90% of the original cost and it is now expected that the balance of the obsolete stock would also realize the same price. Subject to the above gross profit had remained uniform throughout. Stock to the value of Rs. 7,200 was salvaged.

Z-Z-Z

END