

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BCom DEGREE EXAMINATION DECEMBER 2018
(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 What do you understand by purchase consideration?
- 2 Write a short note on net assets method.
- 3 What is double account system?
- 4 List out the any two features of double account system.
- 5 Expands i) CRR ii) SLR
- 6 Highlight the term of capital reserves.
- 7 List out the any two duties of IRDA.
- 8 Mention the any four objectives of life insurance.
- 9 Write a short note on double occupancy rate in a hotel.
- 10 What do you understand by accounting for educational institutions?

SECTION - B (25 Marks!)

Answer ALL Questions

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

- 11 a B Ltd. agreed to absorb A Ltd. upon the following terms:
A) Shares of A Ltd. are to be considered as worth Rs.12 each (of which shareholders are to be paid one quarter in cash and the balance in Rs.100 shares of B Ltd. which are to be issued at 25% premium. Total share were: 10,000 in B Ltd. and 20,000 in A Ltd. Ascertain the number of shares to be issued by B Ltd.

OR

- b Describe the methods of accounting for Amalgamation.

- 12 a Calculate the amount to be capitalized from the following particulars under double account system.

Original cost an asset	Rs.3,00,000
Present cost of replacement	Rs.3,90,000
Amount spent for replacement	Rs.4,70,000

OR

- b From the following information relating to Gunter power & Light Co. Ltd., prepare Net Revenue A/c for the year ended 31.03.04:

	Rs.
Net Revenue A/c Balance (1.4.03)	25,000
Profit transferred from current year Revenue A/c	45,000
Interest on Dentures	8,000
Interim Dividend	16,000

- 13 a While closing its books of accounts, a commercial bank has its advances classified as follows:

	Rs. In lakhs
Standard assets	16,000
Sub-standard assets	1,300
Doubtful assets:	
Upto one year	700

a Cont...

You are required to calculate the amount of provision to be made by the bank, assuming that all the doubtful assets are secured.

OR

b Calculate Rebate on Bills discounted as on 31.3.2000.

Date of Bill	Amount Rs.	Period	Rate of Discount
15-1-2000	25,000	5 Months	8%
10-2-2000	15,000	4 Months	7%
25-2-2000	20,000	4 Months	7%
20-3-2000	30,000	3 Months	9%

a The following figures relate to Life Insurance Corporation for the year ended 31-3-2017. Prepare the Revenue A/C.

	Rs. (000)		Rs.(000)
Claims	39	Consideration for annuities granted	16.5
Management expenses	14	Surrenders	9
Director's fees	4	Premium received	151
Audit fees	3	Life fund (1-4-16)	1,150
Medical expenses	0.5	Interest received	40
Agents commission	5	Rent received	10
Depreciation	4	Rent received	0.5
Bonus in reduction of premium	1.5	Claims cancelled annuities	1.5

Note: Premium outstanding Rs.9,000; Claims outstanding Rs.3,000.

OR

b A Life Assurance Company prepared its Revenue A/c for the year ended 31-03-2017 and ascertained its Life Assurance fund to be Rs.28,35,000. It was found later that the following had been omitted from the accounts:

	Rs.
Interest accrued on investments	39,000
Income tax liable to be deducted on the above	10,500
Outstanding premiums	32,800
Bonus utilised for reduction of premium	6,750
Claims intimated but not admitted	17,400
Claims covered under reinsurance	6,500

What is the true life assurance fund?

a Write a note on accounting for caterer.

OR

b Write a note on accounting for nursing homes.

SECTION - C 130 Marks!

Answer any **THREE** Questions

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

The following is the Balance Sheet of X Ltd., as on 31.3.2008.

Liabilities	Rs.	Assets	HRs.
Share capital: 2,00,000 shares of Rs.10 each	20,00,000	Land & Buildings	10,00,000
General Reserve	2,50,000	Plant & Machinery	15,00,000
Dividend Equalisation Reserve	2,00,000	Furniture	25,000
Profit and Loss a/c	51,000	Stock	6,00,000
12% Debentures	10,00,000	Work -in-progress	3,00,000
Sundry Creditors	3,00,000	Sundry Debtors	2,50,000

16 Cont...

The company was absorbed by A Ltd., on the above date. The consideration for the absorption is the discharge of the debentures at a premium of 5% taking over liability in respect of sundry creditors and a payment of Rs.7 in cash and one share of Rs.5 in A Ltd. at the market value of Rs.8 per share for every share in X Ltd. The cost of liquidation of Rs. 15,000 is to be met by the purchasing company.

Close the books of X Ltd and pass journal entries in the books of A Ltd.

- 17 City Electricity Ltd. earned a profit of Rs.8,45,000 during the year ended 31st March 2004 after debentures interest @ 7/4% on Rs.2,50,000. With the help of the figures given below, show the disposal of profits:

	Rs.
Original cost of fixed assets	1,00,000
Formational and other expenses	5,00,000
Monthly average of current assets (net)	25,00,000
Reserve fund (represented by 4% Govt, securities)	10,00,000
Contingencies Reserve Fund Investments	2,50,000
Loan from Electricity Board	15,00,000
Total depreciation written off to date	2,00,000
Tariff and Dividend Control Reserve	50,000
Security deposits received from customers Assume Bank Rate to be 6%	2,00,000

- 18 The following figures are extracted from the books of Bheema Bank Ltd as on 31-12-2016.

	Rs.
Interest and discount received	36,95,738
Commission, exchange and brokerage	2,00,000
Director's fees and allowances	55,000
Postage and telegrams	62,313
Stationery	17,625
Preliminary expenses	15,000
Interest paid on deposits	20,32,542
Rent received	55,000
Salaries and allowances	1,75,000
Rent and taxes paid	87,973
Profit on sale of investments	2,00,000
Depreciation on building	27,375
Audit fees	5,00

Additional Information:

- i) A customer to whom a sum of Rs. 10,00,000 has been advanced has become insolvent. It is expected that only 50% can be recovered from his private estate.
 - ii) For the remaining debts, a provision of Rs. 1,50,000 was necessary.
 - iii) Rebate on bills discounted as on 31-12-2015 Rs. 12,000 and on 31-12-2016 Rs. 16,000.
 - iv) Provide Rs.6,50,000 for taxation.
 - v) Write off preliminary expenses.
- Prepared profit and loss A/c in accordance with the law.

- 19 From the following details, prepare the Revenue A/c, profit & Loss A/c and Balance sheet of Moon Shine insurance Co. Ltd. Carrvine Marine

19 Cont...

	(Rs. '000)		(Rs.'000)
Agents balances (Dr)	1,46,400	Share capital	15,00,000
Interest accrued but not due	8,200	Balance of Marin fund (1.4.05)	7,60,000
Furniture & Fixtures Cost Rs. 12,600)	8,400	Unclaimed Dividends	2,400
Stock of stationery	2,500	P & L A/c (Cr)	2,40,000
Expenses of management	2,20,000	Sundry creditors	12,600!
Foreign taxes & Insurance	12,300	Due to reinsurance	60,000 ¹
Outstanding premium	21,200	Premium less reinsurance	12,40,000
Donation paid	8,600	Interest & Dividends	2,40,000
Advance Income tax payments	62,000	Transfer fees received	600
Sundry debtors	9,200		
Govt, of India securities	9,20,000		
Debenture of public bodies	1,80,000		
Shares in limited companies	3,60,000		
State Govt. Securities	8,80,000		
Claims less re insurance	10,60,000		
Commission paid	62,400		
Cash & Bank balances	94,400		

Outstanding claims on 31.3.2006 were Rs. 1,40,000 Thousands. Depreciation on furniture to be provided at 20% per annum.

20 Discuss the accounting procedure for education institutions.

Z-Z-Z

END