QP CODE: 21102855

Reg No : .....

Name : .....

## B.Com DEGREE (CBCS) REGULAR/SUPPLEMENTARY EXAMINATIONS, OCTOBER 2021

### Fourth Semester

### Core Course - CO4CRT11 - CORPORATE ACCOUNTING II

(Common for B.Com Model II Computer Applications ,B.Com Model II Finance & Taxation,B.Com Model II Marketing,B.Com Model II Travel & Tourism,B.Com Model III Office Management & Secretarial Practice ,B.Com Model III Taxation ,B.Com Model III Computer Applications ,B.Com Model I Co-operation ,B.Com Model I Marketing ,B.Com Model I Finance & Taxation ,B.Com Model I Travel & Tourism ,B.Com Model II Logistics Management )

**Regular Candidates : 2019 Admission only**

**Private Candidates : 2017 Admission onwards**

5217FCE9

Time: 3 Hours Max. Marks : 80

***Instructions to Private candidates only**: This question paper contains two sections. Answer **SECTION I** questions in the answer-book provided. **SECTION II**, Internal examination questions must be answered in the question paper itself. Follow the detailed instructions given under **SECTION II***

### SECTION I

**Part A**

*Answer any **ten** questions.*

*Each question carries 2 marks.*

1. What is register of claims?
2. What is annuity?
3. What do you mean by statutory reserve of a Banking Company?
4. What are Non performing Assets?
5. Difference between consolidation and subdivision of share capital
6. 30,000 equity shares of Rs. 100 each are reduced to fully paid shares of Rs. 60 each Journalise.
7. As per capital reduction scheme adopted by a company , 10,000 7% debentures of Rs. 100 each are reduced to Rs. 80 each and the trade creditors have agreed to reduce

their claim from Rs. 50,000.to Rs. 20,000 Journalise.

8. What is business purchase account?
9. Pass the journal entry in the book of Transferor for the liquidation expenses of Rs 10000/-
10. Pass the journal entry for the liquidation expenses of Rs 5000/- borne by the transferee company in the book of transferee.
11. What is Voluntary Winding Up?
12. What is Deficiency Account?

(10×2=20)

**Part B**

*Answer any six questions.*

*Each question carries 5 marks.*

13. Revenue account of a life insurance company discloses a surplus of Rs.25,00,000 on 31.03.2019 before taking the following:

    a. A claim of intimated but not admitted Rs.20,000
    b. Bonus in reduction of premium Rs.50,000
    c. Annuities outstanding Rs.25,000
    d. Surrender value adjusting against loan on policies Rs.10,000
    e. Claim covered under reinsurance Rs.8,000
    f. Reinsurance premium Rs.5,000

    Pass the necessary journal entries for the above omissions and recomputed the correct surplus for the year

14. How do you prepare valuation balance sheet?
15. State the different items shown under other liabilities and provisions in bank balancesheet.
16. Distinguish between internal reconstruction and absorption
17. Green ltd.has an equity share capital of Rs.10,00,000 consisting of 10,000 shares of Rs. 100 each .It is resolved and sanction of the court has been obtained .
    1)To subdivide the shares into fully paid equity shares of Rs.10 each.
    2) 80 % of the shares to be surrendered to the company .
    3) 40,000 of surrendered shares to be issued to15% debentures of Rs. 5,00,000 in full settlement of their claim .

4) 20,000 of the surrendered shares to be issued as fully paid to creditors of Rs. 2,50,000.

5)The balance of the surrendered shares to be cancelled .

6) To write off debit balance of in P&L account Rs. 3,20,000, goodwill Rs.3.80,000, preliminary expenses Rs. 1,50,000 and balance to be transferred to capital reserve. Give Journal entries to implement the scheme

18. What do you mean by Amalgamation? Explain its main objectives.

19. Amalgamation in the nature of merger is more stronger than amalgamation in the nature of purchase - Why?

20. What is External Reconstruction? Explain its features.

21. Explain the duties entrusted with the liquidator?

(6×5=30)

**Part C**

*Answer any **two** questions.*

*Each question carries **15** marks.*

22. The following are extracted from the books of Star Fire Insurance Company Ltd. as on 31.03.2019.

| | |
|---|---|
| Premium less reinsurance | 82,00,000 |
| Interest and dividend less tax | 21,00,000 |
| Commission of reinsurance ceded | 30,000 |
| Commission on direct business | 40,000 |
| Commission on reinsurance accepted | 1,45,000 |
| Claims paid less reinsurance | 41,00,000 |
| Claims outstanding on 31.03.2019 | 3,00,000 |
| Claims outstanding on 01.04.2018 | 2,40,000 |
| Reserve for unexpired risk on 01.04.2018 | 26,00,000 |
| Salaries | 3,40,000 |
| Directors remunerations | 60,000 |
| Rent and taxes | 80,000 |
| Printing, postage etc | 24,000 |
| Additional reserve on 01.04.2018 | 4,00,000 |

Reserve for unexpired risk is to be maintained at 50% of premium income. Additional reserve is to be increased by Rs.60,000.

Prepare revenue account t for the year ending 31.03.2019

23. Give the formats of a bank Balancesheet and profit and loss Account?

24. The business of the Bharath Ltd. is purchased by Nero Ltd. The purchase consideration to be discharged as follows:-

1. A payment in cash at Rs 20/- for every share in Bharath Ltd.
2. Further payment in cash at Rs 50/- for every debenture in the Bharath Ltd. in full discharge of the debentures and
3. An exchange of 4 shares in the Nero Ltd. of Rs 10/- each (Market price at Rs 15) for every share in the Bharath Ltd.

The Balance Sheet of Bharath Ltd. stood as follows at the date of purchase.

| **Liabilities** | **Amount** | **Assets** | **Amount** |
|---|---|---|---|
| Share capital ( 10 each ) | 50000 | L& B | 19000 |
| P&L A/C | 1500 | Furniture | 4500 |
| 6% Debentures (50Each ) | 6000 | Machineries | 19000 |
| CRR | 2500 | Stock in trade | 11500 |
| Contingency Reserve | 1800 | Debtors | 10000 |
| Creditors | 4500 | Bank | 2300 |
| | **66300** | | **66300** |

Give the Journal entries in the books of both the companies and the important ledger account in the Bharath Ltd., Liquidation expenses is borne by Nero Ltd.

25. Following is the Balance Sheet of M/s Unfortunate Ltd as on 31st March 2018.

| Liabilities | ₹ | Assets | ₹ |
|---|---|---|---|
| Share Capital- | | Land & | |
| Authorized & Subscribed- | | Buildings | |
| 4000 6% Preference shares of ₹ | 4,00,000 | | 2,00,000 |
| 100 each | | Plant & | |
| | 1,50,000 | Machinery | 5,00,000 |
| 20,000 Equity shares of ₹ 100 | | | |
| each, ₹ 75 per share paid up | | Patents | 80,000 |
| | 3,60,000 | | |
| 6000 Equity shares of ₹ 100 each, | | Stock | 1,10,000 |
| ₹ 60 per share paid up | | | |
| | 2,00,000 | Sundry Debtors | 2,20,000 |
| 5% Debentures (having a floating | | | |
| charge on all assets) | | Cash at Bank | 60,000 |
| | 10,000 | | |

| | | | |
|---|---|---|---|
| Interest outstanding on debentures | | Profit & Loss A/c | 2,40,000 |
| | 2,90,000 | | |
| Creditors | | | |
| Total | 14,10,000 | | 14,10,000 |

On that date, the company went into liquidation. The dividends on preference shares were in arrear for two years. The arrears are payable on liquidation as per the Articles of the company. Creditors include a loan of ₹ 1,00,000 on mortgage of Land & Buildings. The assets realized as under-

| | ₹ |
|---|---|
| Land & Buildings | 2, 40,000 |
| Plant & Machinery | 4, 00,000 |
| Patents | 60,000 |
| Stock | 1, 20,000 |
| Sundry Debtors | 1. 60,000 |

The expenses of liquidation amounted to ₹ 21,800. The liquidator is entitled to a commission of 3% on all assets realized except cash at bank and a commission of 2% on the amount distributed among unsecured creditors. Preferential creditors amount to ₹ 30,000. All payments were made on 30th September 2018.

(2×15=30)