

COM 601.1

Reg. No.

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**CREDIT BASED SIXTH SEMESTER B.Com DEGREE EXAMINATION**  
**APRIL 2014**  
**COMMERCE**  
**CORPORATE ACCOUNTING – VI**

**Time: 3 Hrs**

**Max. Marks: 120**

**SECTION – A**

**Answer any THREE questions:**

**3X25=75**

1. The position of B Ltd at the time of liquidation was as follows on 31-12-2013.

Share Capital 1000, 6% Preference shares of `100 each fully paid	1,00,000
(Arrears of dividend for 1 year payable on liquidation)	
1000, I Equity shares of `50 each fully paid	50,000
1000, II Equity shares `40 each `30 paid	30,000
Calls in arrears	4,000
Calls in advance	6,000
The cash left with the liquidator after making payment to creditors `1,16,000 (before making any calls).	
Prepare liquidators final statement of accounts.	

2. 'H' Ltd acquired 80% of shares of S Ltd on 30-9-2009 at a total cost of `3,60,000.

Balance sheet of H Ltd and S Ltd as on 31-12-2009

	H Ltd	S Ltd		H Ltd	S Ltd
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Premium	50,000	---	Furniture	1,50,000	65,000
General Reserve	4,00,000	1,10,000	Investment	3,60,000	---
P & L A/c	2,40,000	80,000	Stock	1,45,000	1,61,000
Creditors	60,000	70,000	Debtors	85,000	79,000
			Cash at bank	1,20,000	55,000
	15,00,000	5,10,000		15,00,000	5,10,000

On 1-4-2008 'S' Ltd's P/L A/c showed a credit balance of `40,000. A dividend of 20% was paid in October 2009 for the year 2008. This dividend was credited by H Ltd to its P/L A/c. Trade creditors of H Ltd include `40,000 for goods supplied by S Ltd, on which the latter company made a profit of 25% on cost. Half of the goods were still in stock on 31.3.2009.

Prepare consolidated balance sheet.

3. On 31<sup>st</sup> March 2013, the following balances stood in the book of India Bank Ltd, after the preparation of its profit and loss account.

Cash in hand	3,80,000
Cash with other banker	60,00,000
Loan, cash credits and overdrafts	5,10,00,000
Drafts payable	70,000
Rebate on bills discounted	50,000
Cash with RBI	1,00,00,000
Bills discounted and purchased	38,00,000
Short loan	47,50,000
Share capital (80,000 shares of `100 each, `50 paid)	40,00,000
Reserve fund under sec. 17	62,00,000
Fixed deposits	4,26,00,000
Savings bank deposits	1,90,00,000
Current account	2,32,00,000
Money at call and short notice	18,00,000
Govt bonds	90,00,000
Other investments	1,60,00,000
Profit and loss a/c (cr) as on 1 <sup>st</sup> April 2012	13,50,000
Dividend for 2012-13	4,00,000
Premises	29,50,000
Furniture	11,64,000
Branch Adjustments (Dr)	3,36,000
Net profit for the year ended 31 <sup>st</sup> March 2013	15,50,000
Unclaimed dividends	6,00,000

Prepare the Balance Sheet of the Bank as on 31-3-2013 in the prescribed form, with the necessary schedules.

4. At quinquennial (once in 5 years) valuation of life insurance made on 31-12-2012 disclosed a net liability of `22,78,000 on all its policies and annuities.

The revenue accounts for the 5 years consists of:

Bonus in cash	45,000
Bonus in reduction of premium	2,000
Surrenders	75,000
Premium	10,50,000
Interest and dividend	5,00,000
Claims by death	75,000
Claims by maturity	10,00,000
Management expenses	1,00,000
Commission paid	50,000
Annuities	1,10,000
Consideration for annuity granted	5,50,000
Life Assurance fund as per quinquennial valuation	19,80,000

Prepare Consolidated Revenue A/c and Valuation Balance Sheet.

### SECTION – B

Answer any three questions:

**3x10=30**

5. A Ltd went into voluntary liquidation on 31-12-2012. The Capital of the company consisted 5,000 shares of `100 each, and following were assets and liabilities realized and paid.

Cash	750	Trade creditors	53,775
Stock realized	29,600	Creditors for wages for 1	
Book debt realized	49,200	month	5,295
Furniture realized	1,050	Bank overdraft	4,000
Investment (lodged with bank for overdraft realized)	4,900	6% debenture (having floating charges on all assets interest paid up to 30-6-2012)	44,000

The excess amount realized by sale of Investment remitted to liquidator.

Debentures paid together with interest to the date of winding up.

The first and final dividend distributed to creditors. Liquidator's remuneration was calculated at 3% on assets realized and 2% on amount paid to unsecured creditors other than preference creditors. Expenses of liquidation amounted `1015.

Prepare liquidators final statement of account.

6. Following are the balance sheets of 'H' Ltd and its subsidiary 'S' Ltd on 31-3-2009.

	H Ltd	S Ltd		H Ltd	S Ltd
Share Capital (Shares of `10	6,00,000	2,00,000	Machinery	3,00,000	1,00,000
			Furniture	70,000	45,000

A/c			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
	9,10,000	3,80,000		9,10,000	3,80,000

'H' Ltd acquired the shares of 'S' Ltd on 30-6-2008. On 1-4-2008 the General reserve and profit and loss account stood at `60,000 and `20,000 respectively. No part of the preliminary expenses was written off during year ended 31-3-2009. Prepare the consolidated balance sheet.

7. Prepare Profit and Loss account of Amar Bank Ltd for the year ended 31-3-2013 from the following information:

Capital	10,00,000	Interest and discount earned	38,00,000
Interest paid	1,95,000	Salary and wages	20,00,000
Directors fee	2,10,000	Rent & Taxes	35,000
Postage and telegram	70,000	Profit on sale of investment	2,40,000
Loss on sale of investment	38,000	Rent recovered	62,000
Depreciation	31,000	Stationery	60,000
Auditors fee	8,000		

Additional information:

1. Profit and Loss A/c balance on 1-4-2012 `10,00,000
  2. Doubtful debts amounts to `2,84,000
  3. Provision of tax to be made at 35%
  4. A dividend of 10% is proposed
8. On 31-12-2011 the books of National Insurance Co. Ltd contains following particulars in respect of fire insurance.

Reserve for unexpired risks on 31-12-2010	5,00,000
Additional reserve on 31-12-2010	1,00,000
Claims paid	6,40,000
Outstanding claims on 31-12-2010	65,000
Outstanding claims on 31-12-2011	90,000
Expenses of management (including 30,000 legal charges paid in connection with claims)	2,80,000
Reinsurance premium	75,000
Reinsurance recovery	20,000
Premium	11,20,000
Interest and dividend	64,520
Income tax on the above	6,520
Profit on sale of investment	11,000
Commission paid	1,52,000

Prepare the fire insurance Revenue A/c for the year 2011 reserving 50% of Premium for unexpired risks and keeping on additional reserve of `75,000.

**SECTION – C**

**Answer all the questions:**

**3x5=15**

9. Write a note on Non-performing Assets.
10. Define reinsurance and commission on reinsurance ceded.
11. From the following information of a General Insurance Co. Ltd for the year 31-3-2013, find out net premium received.  
 Premium received for the year `12,00,000  
 Re-insurance premium paid `1,20,000  
 Bonus utilized in reduction of premium `12,000

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**CREDIT BASED SIXTH SEMESTER B.Com DEGREE EXAMINATION APRIL 2015  
 COMMERCE  
 CORPORATE ACCOUNTING – II**

**Time: 3 Hrs**

**Max. Marks: 100**

**SECTION – A**

**Answer any THREE questions:**

**3x25=75**

1. Following was the Balance Sheet of All Fine Co. Ltd. as on 31.03.14

Liabilities	`	Assets	`
20,000 shares of `10 each	2,00,000	Goodwill	30,000
Bank overdraft (unsecured)	1,100	Buildings	25,000
Partly secured creditors	29,180	Machinery	27,400
Salary for 6 months	6,300	Stock	58,000
Taxes due to Government	800	Debtors	46,000
Trade creditors	97,600	Cash	500
		Profit & Loss A/c	1,38,080

The company went into liquidation and the assets realized as follows:

Building which was used in the first instance to pay partly secured creditors pro-rata `18,000.

Machinery `25,000, Stock `31,000, Debtors `43,500

Expenses of liquidation amounted to `1,100.

The liquidator's remuneration was agreed at 3% on the amount realized (except cash) and 2% on the amount paid to unsecured creditors other than preferential.

Prepare liquidator's final statement of account.

2. The following Balance sheets are presented to you.

Balance sheets as at 31-12-2014

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Share Capital:			Fixed Assets	3,50,000	1,50,000
Shares of `100 each	5,00,000	2,00,000	Stock	90,000	40,000
General Reserve	1,00,000	---	Debtors	60,000	30,000
Profit & Loss A/c	80,000	---	6% Debentures in 'S'		
6% Debentures	---	1,00,000	Ltd. acquired at cost	60,000	---
Creditors	75,000	45,000	Shares in 'S' Ltd:		
			1,500 shares at `80	1,20,000	1,00,000
			Profit & Loss A/c	---	
			Cash at bank	75,000	25,000
	7,55,000	3,45,000		7,55,000	3,45,000

H Ltd. acquired the shares on 1<sup>st</sup> May 2014. The Profit & Loss A/c of S Ltd shared a balance of `1,50,000 on 1<sup>st</sup> January 2014. During March 2014, goods costing `6,000 were destroyed by fire against which the insurer paid only `2,000. Creditors of S Ltd. include `20,000 for goods supplied by H Ltd., on which H Ltd., made a profit of `2,000. Half of the goods were still in stock on 31<sup>st</sup> December 2014.

Prepare consolidated balance sheet.

3. Following are extracted from the books of Swarna Bank Ltd. as on 31-03-15.

Subscribed and paid up capital:	
50,000 Equity shares	5,00,000
Reserve fund	2,50,000
Loans, cash credits & overdrafts	2,85,000
Premises	50,000
Indian Govt. securities	4,00,000
Borrowings from R.B.I.	59,000
Current Deposits	1,00,000
Fixed deposits	1,25,000
Savings Bank Deposits	50,000
Recurring Deposits	20,000
Bills purchased and discounted	46,000
Interim Dividend paid	17,000
Investment in shares	50,000
Cash in hand and with RBI	1,93,000
Money at call and short notice	50,000
Balance with other banks	30,000
Net profit carried forward to balance sheet	44,800
Stationery Reserve out of current year profit	12,200

Additional Information:

- i) Provision for bad and doubtful debts required `4,000.
- ii) Interest accrued on investment `9,000.
- iii) Unexpired discount amounted to `2,000
- iv) Interim dividend declared was 4% actual

- v) Endorsement made on behalf of customers `1,15,000  
Work up necessary schedules and prepare balance sheet as on 31-3-2015 in a prescribed form
4. The triennial valuation of the United India Life Insurance Corporation Ltd, having a paid up capital `5,00,000 disclosed a net liability of `46,50,000 on all their policies and contracts in force on 30<sup>th</sup> September 2014. From the following figures, prepare a Revenue account and a valuation Balance Sheet as at that date showing surplus available for dividend and bonus.

Life Assurance Fund, 1 <sup>st</sup> October 2011	50,00,000
Premium	25,80,000
Interest, Dividend and Rent	15,20,000
Fines for revival of lapsed policies	1,250
Consideration for annuities granted	85,000
Claims	2,80,000
Re insurances (irrecoverable)	2,000
Expenses of management	2,30,000
Commission	1,15,000
Bonus in reduction of premium	3,550
Annuities	1,14,000
Surplus on revaluation of reversions	9,000
Surrenders	1,70,000
Income tax	2,40,000
Bonus in cash	1,12,500

#### SECTION – B

**Answer any three questions:**

**3×10=**

5. Ultrasound Company Ltd. went into voluntary liquidation on 1-1-2015 on which date dividends on the preference shares were in arrears for two years.  
The subscribed capital of the company consisted of:  
a) 40,000, 6% preference shares of `10 each fully paid.  
b) 50,000 equity shares of `10 each, `6 paid.  
The assets realized `3,50,000. The expenses of liquidation came to `9,800. The liquidator is entitled to a remuneration of `11,000 and a commission of 2 ½% on the amount paid to the preference share holders as capital and dividend. The liabilities amounted to `20,000.  
Prepare liquidators final statement of account.
6. The trial balance of Shri Mahalakshmi Bank Ltd. as on 31-3-2015 had the following information with regard to its bills, rebate and the discount.

	Dr.(₹)	Cr.(₹)
Bills Discounted	30,00,000	---
Rebate on Bills Discounted (on 01-01-2015)	---	10,680
Interest and Discount	---	1,82,946

An analysis of the bills discounted for the year shows the following.

Amount in `	Date of the Bills	Term (months)	Rate of Discount p.a.
10,00,000	Jan 12, 2015	4	5%
12,00,000	Feb 11, 2015	3	4.5%
8,00,000	Feb 15, 2015	2	6%

Compute the rebate on bills discounted as on 31-3-2015 and show how this appears in the profit and loss account for the same period.

7. On 31<sup>st</sup> March, 2015, the books of the Ideal Insurance Co. Ltd contained the following particulars in respect of the insurance.

	(₹)
Reserve for unexpired risk on 31-3-2014	5,00,000
Additional reserve on 31-3-2014	1,00,000
Claims paid	6,40,000
Estimated liability in respect of outstanding claims	
On 31-3-2014	65,000
On 31-3-2015	90,000
Expenses of management (including ₹30,000	
Legal expenses paid in connection with the claims)	2,80,000
Re-insurance premiums	75,000
Re-insurance recoveries	20,000
Premiums	11,20,000
Interest and dividends	64,520
Income tax on above	6,520
Profit on sale of Investments	11,000
Commission paid	1,52,000

Prepare the Fire Insurance Revenue A/c for the year ended 31-3-2015, reserving 50% of the premiums for unexpired risks and keeping an additional reserve of ₹75,000.

8. H Ltd acquires  $\frac{3}{4}$  of share capital of S ltd on 1<sup>st</sup> January 2015. The Balance sheets of the two companies are on 31<sup>st</sup> March 2015 were as under.

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Share Capital: (in ₹10 shares)	20,000	10,000	Fixed assets	20,000	10,000
General Reserve	5,000	3,000	Current assets	13,000	12,000
Profit & Loss A/c	3,000	2,000	Shares in S ltd	10,000	
10% Debentures	10,000	5,000			
Sundry Creditors	5,000	2,000			
	43,000	22,000		43,000	22,000

Prepare the consolidated Balance Sheet as on 31<sup>st</sup> March 2015.

### SECTION – C

**Answer all the questions:**

**3×5=**

9. Write a note on a) Rebate on bills discounted                      b) Non-performing Assets
10. Explain the different methods of calculating liquidator's remuneration.
11. Following balances are given to you from the books of National Insurance Company Ltd for the year ending 31-3-14. Claims under policies less reinsurance paid during the year ₹2,80,000. Total estimated liability in respect outstanding claims as at 31-3-2014 ₹8,000.



Liability in respect of outstanding claims as at 31-3-2014 `1,500. Ascertain the net claims payable.

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8. The life assurance fund of an Insurance company on 31-3-2015 showed a balance of ₹87,76,500. It was later found that the following were not taken into account.
- Dividend from investment ₹4,80,000
  - Income tax on above ₹48,000
  - Bonus in reduction of premium ₹8,77,500
  - Claims covered under reinsurance ₹4,23,000
  - Claims intimated but not accepted ₹7,62,000.
- Ascertain correct balance of fund.

**SECTION – C**

Answer ALL the questions:

3×5=15

9. How will you treat the following items in the liquidators final statement of account.
- a) Interest on debentures
  - b) Preferential creditors
10. Write a note on non performing assets.
11. On 31-3-2012 the New Bank Ltd., held following bills. Calculate rebate on bills discounted.

Bills drawn date	Amount ₹	Time	Rate of discount
9 <sup>th</sup> Feb	50,000	4 months	18%
17 <sup>th</sup> Feb	60,000	3 months	15%
6 <sup>th</sup> March	40,000	4 months	16.5%

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**CREDIT BASED SIXTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2016**  
**COMMERCE**  
**CORPORATE ACCOUNTING – II**

Time: 3 Hrs.

Max. Marks: 120

**SECTION – A**

Answer any THREE questions:

3×25=75

1. Balance Sheet of Veeta Ltd., as on 31-12-2013.

Liabilities	₹	Assets	₹
Share Capital:		Land & Building	1,80,000
20000 6% Non Cumulative Preference Shares	2,00,000	Patents	10,000
10000 Equity Shares of ₹10, ₹9 paid up	90,000	Plant	1,20,000
10,000 Equity Shares of ₹10 each, ₹5 paid up	50,000	Stock	45,000
6% Debentures	1,00,000	Debtors	1,40,000
O/s interest on debenture	6,000	Cash	30,000
Loan secured by hypothecation of stock	40,000	Profit and Loss A/c	70,500
Creditors	82,500		
Preferential creditors	27,000		
	5,95,500		5,95,500

The company went into liquidation on 1-1-2014 and the liquidator was appointed with a remuneration of 2% of assets realized (except cash) and 2% of amount distributed among unsecured creditors (except preferential creditors). The preference dividend for the years 2012 and 2013 was not paid. Stock realized ₹30,000, other assets realized except cash ₹4,00,000. All the assets were realized and the payment made on 30-6-2014. Prepare liquidators final statement assuming that expenses of liquidation amounted to ₹1,050 also assume that all the assets were realized by the liquidator.

2. H. Ltd., acquired 12000 shares of 'S' Ltd., for ₹1,70,000 on 1-4-2008 on which date 'S' Ltd's Profit and Loss A/c showed a credit balance of ₹50,000. In August 2008 'S' Ltd declared a dividend of 10% for the year 31-3-2008. This dividend was credited by H. Ltd., to its Profit & Loss A/c on 31-3-2009.

Balance Sheet of H Ltd and S Ltd on 31-3-2009

Liabilities	H Ltd (₹)	S Ltd (₹)	Assets	H Ltd (₹)	S Ltd (₹)
Share Capital:			Machinery	2,50,000	-----
Shares of ₹10 each	5,00,000	2,00,000	Goodwill	30,000	20,000
General reserve as on			Furniture	85,000	50,000
31-3-2008	1,30,000	55,000	Investment	1,70,000	-----
Profit and Loss A/c	1,60,000	65,000	Stock	2,10,000	2,30,000
Sundry Creditors	1,00,000	75,000	Debtors	65,000	58,000
			Cash at Bank	80,000	37,000
	8,90,000	3,95,000		8,90,000	3,95,000

Creditors of H Ltd., include ₹20,000 for goods purchased from S Ltd., on which S Ltd., made a profit of ₹5,000. Half of the goods sold still included in the stock of H Ltd. Prepare consolidated Balance Sheet as on 31.3.2009.

3. From the following Trial Balance, prepare Balance sheet of Progressive Bank Ltd., as on 31.3.2015 in the prescribe form.

	Dr. (₹)		Cr. (₹)
Money at call	2,00,000	Share capital	10,00,000
Bills discounted	9,00,000	Reserve fund	6,00,000
Investment in gold	5,00,000	Fixed deposit	4,00,000
Premises at cost	12,00,000	Savings Bank deposit	6,00,000
Furniture at cost	2,00,000	Current account	2,20,000
Cash with RBI	3,40,000	Depreciation fund (on premises)	8,00,000
Cash with SBI	1,20,000	Unclaimed dividend	24,000
Loans, advances cash credit and overdraft	3,00,000	Rebate on bills discounted	50,000
Branch adjustment	5,00,000	Borrowing from Banks in India	2,50,000
Investment in share	5,00,000	Bills payable	1,86,000
Advance payment of tax	3,10,000	Profit & Loss A/c including	
Non Banking assets	70,000	₹2,10,000 for the current year	
		before transfer to statutory	
		reserve	4,10,000
		Dividend fluctuation fund	6,00,000
	51,40,000		51,40,000

The bank has bills for collection ₹3,00,000 and acceptance ₹4,00,000, Liability for forward exchange contract ₹2,00,000. Provide ₹80,000 for doubtful debts; Traveller's cheque paid ₹10,000.

4. Following Trial balance was extracted from India Life Assurance Co., on 31-3-2015.

	Dr. (₹)	Cr. (₹)
Paid up capital (10000 shares of ₹10 each)	----	1,00,000
Life assurance fund on 1-4-2014	----	29,72,300
Dividend paid	15,000	----
Bonus to policy holders	31,500	----
Premium received	----	1,61,500
Claims paid	1,97,000	----
Commission paid	9,300	----
Management expenses	32,300	----
Mortgage in India	4,92,200	----
Interest and dividend received	----	1,12,700
Agents balance due	9,300	----
Freehold premises	40,000	----
Investment	23,05,000	
Loan on company's policy	1,73,600	
Cash on deposit account	27,000	
Cash in hand and in current A/c	7,300	
Surrenders	7,000	
	33,46,500	33,46,500

You are required to prepare company's Revenue A/c for the year ended 31-3-2015 and its Balance Sheet after carrying out the following adjustments.

- Claims admitted but not paid ₹9,300
- Management expenses outstanding ₹200
- Interest accrued ₹19,300
- Premium outstanding ₹12,000

## SECTION – B

Answer any THREE questions:

3×10=30

5. A Ltd went into voluntary liquidation with the following liabilities:

	₹
Creditors	12,000
Capital: 10,000 Preference Shares of ₹10 each, ₹7 called up and paid	70,000
10,000 Equity Shares of ₹10 ₹9 paid up	90,000
Less: calls in arrears	2,000
Amount received in anticipation of call on Preference Share and on Equity Share	24,000
	4,000
Assets realized	2,00,000
Liquidation expenses	2,000
Liquidators remuneration	3,000

Prepare liquidator's final statement of account.

6. Balance sheet of H Ltd., and S Ltd., as on 31-3-2015.

Liabilities	H Ltd (₹)	S Ltd (₹)	Assets	H Ltd (₹)	S Ltd (₹)
Share Capital			Fixed assets	3,00,000	1,00,000
Shares of ₹10 each	5,00,000	2,00,000	Investment (60% shares of S Ltd)	1,62,400	----
General reserve	1,00,000	50,000	Current assets	2,77,600	2,39,000
Profit and Loss A/c	60,000	35,000	Preliminary expenses	----	6,000
Creditors	80,000	60,000			
	7,40,000	3,45,000		7,40,000	3,45,000

H. Ltd., acquired shares on 1-4-2014 on which date General reserve and Profit & Loss A/c of S. Ltd., had a balance of ₹40,000 and ₹80,000 respectively. Preliminary expenses written off during the year.

Prepare consolidated Balance Sheet.

7. Prepare Profit and Loss A/c from the following figures extracted from the books of Krishna Bank Ltd., as on 31-12-2015.

	₹
Interest and discount received	36,95,738
Interest paid on deposit	20,32,452
Commission, exchange and brokerage	2,00,000
Rent received	55,000
Profit on sale of Investment	2,00,000
Salaries and allowances	1,75,000
Directors fee and allowances	55,000
Rent & tax paid	87,973
Postage & telegram	62,318
Depreciation on building	45,000
Audit fees	5,000
Preliminary expenses	15,000

Other information:

- A provision of ₹6,50,000 was necessary on debt.
- Rebate on bills discounted as on 31-12-2014 ₹12,000 and on 31-12-2015 ₹16,000.
- Provide ₹6,50,000 for taxation.
- Write off all preliminary expenses.