

Faculty of Commerce

B.Com. II-Year, CBCS – IV Semester Backlog Examinations, Dec/Jan 2019-20
(For All Streams of B.Com)

PAPER: Corporate Accounting

Time: 3 hours

Max Marks: 80

Section-A

I. Answer any FIVE of the following questions. (5x4=20 Marks)

1. Preferential Shares
2. Amalgamation in the nature of merger
3. Internal reconstruction
4. Non Performing Assets
5. Surrender value - Surrenders
6. A fire occurred in the premises of a company on 15.10.2017. From the following particulars ascertain the loss of stock and Ascertain insurance claim.

Particulars	₹
Stock on 1.4.2016	30,600
Purchases from 1.4.2016 to 31.3.2017	1,22,000
Sales from 1.4.2016 to 31.3.2017	+1,80,000
Stock on 31.3.2017	27,000
Purchases from 1.4.2017 to 15.10.2017	1,47,000
Sales from 1.4.2017 to 15.10.2017	1,50,000

The stocks were always valued at 90% of cost. The stock saved from fire worth Rs.18,000. The amount of policy was Rs.63,000. There is average clause in the insurance policy

7. Books of Axis Bank Ltd. showed that Mr. Bad owed Rs.3,00,000 as on 31st March, 2017 which was doubtful. In addition the interest of Rs.30,000 accrued on this account. Later Mr. Bad became insolvent and the bank received only 40% of the amount. Pass necessary journal entries in the books of Axis Bank Ltd and show the account of Mr. Bad.
8. Roshan Company Ltd. sells its assets to Siri company Ltd for Rs.6,00,000 payable as to Rs.2,40,000 in cash and Rs.3,60,000 by the allotment of 24000 equity shares of 20 each of Siri Company Ltd Rs.15 per share paid up to the shareholders of Roshan company Ltd. Give necessary journal entries for recording purchase consideration in the books of Roshan Company Limited.

Section-B

II. Answer the following questions:

(5x12=60 Marks)

9. (a) On March 31, 2018 a compulsory order for winding up was made against ABC Co. Ltd. The following particulars being disclosed.

	Book Value ₹	Estimated to produce ₹
Cash in hand	100	100
Debtors	4,000	3,600
Land and Buildings	60,000	48,000
Furniture and Fixtures	20,000	20,000
Unsecured creditors	20,000	-
Debentures : Secured on Land and Buildings	42,000	-
Secured on floating charge	10,000	-
Preferential creditors	6,000	-
Share capital(3,200 shares of Rs 100 each)	3,20,000	-

Estimated liability for bills discounted was Rs.6,000 estimated to Bank Rs.6,000. other contingent liabilities were Rs.12,000 estimated to Rank Rs.12,000.

The company was formed on the last day of March 2015 and has made losses Rs.3,13,000. Prepare statement of affairs and deficiency Account.

(OR)

- (b) The following was the Balance sheet of Kumari Ltd. As on 31.03.2018:

Liabilities	₹	Assets	₹
20000 Equity shares of Rs.10 each	2,00,000	Goodwill	30,000
Bank Overdraft(Unsecured)	1,100	Buildings	25,000
Partly secured creditors	29,180	Machinery	37,400
Salaries and wages	7,100	Stock	58,000
Trade creditors	97,600	Debtors	46,000
		Cash	500
		Profit & Loss A/C	1,38,080
	3,34,980		3,34,980

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The scheme of amalgamation also provided that 3,000, 11% debentures of Kumar Ltd would be converted into equal number of 12% debentures of Spandana Ltd of Rs.100 each.

You are required to pass journal entries in the books of Spandana Ltd and draw Spandana Ltd Balance sheet immediately after the taken over assuming that the amalgamation in the nature of purchase.

(OR)

(b) The following are the Balance sheets of R Ltd and K Ltd. As on 31st March 2018.

Liabilities	R Ltd	K Ltd	Assets	R Ltd	K Ltd
Equity Capital (Rs.10 each)	10,00,000	5,00,000	Land and Building	5,00,000	2,00,000
Statutory Reserve	80,000	20,000	Machinery	10,00,000	5,00,000
Reserves	3,00,000	1,00,000	Stock	3,00,000	2,00,000
P & L A/C	2,00,000	80,000	Debtors	5,00,000	1,70,000
12% debentures	8,00,000	3,00,000	Bills Receivables	2,80,000	50,000
Current Liabilities	5,00,000	2,00,000	Bank	3,00,000	80,000
	28,80,000	12,00,000		28,80,000	12,00,000

On the above date R Ltd took over K Ltd. The purchase consideration is paid by issuing 60,000 Equity shares of Rs.10 each at a premium of Rs.2 per share in R Ltd. The liquidation expenses of K Ltd Rs.10,000 will be borne by R Ltd. Debenture holders of K Ltd will be issued debentures in R Ltd for the same value and denomination.

Give necessary journal entries and Balance Sheet of R Ltd after amalgamation.

Assuming that the amalgamation in the nature of merger.

11.(a) The following is the Balance sheet of Rajesh Ltd as on 31.3.2018

Liabilities	₹	Assets	₹
Share Capital :		Buildings	2,00,000
20000 Equity shares of Rs.10 each, fully paidup	2,00,000	Machinery	1,50,000
10% Cumulative Preference Shares of Rs.100 each, fully paid	1,00,000	Patents	40,000
9% Debentures	1,00,000	Stock	70,000
Trade Creditors	3,50,000	Debtors	60,000
		Cash at Bank	10,000
		Preliminary Expenses	20,000
		Profit and Loss A/C	2,00,000
	7,50,000		7,50,000

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

Particulars	₹
Buildings(which were used to pay partly secured creditors Pro rata)	18,000
Machinery	25,000
Stock	31,000
Debtors	43,500

Expenses of liquidation amounted to Rs.1,100. The Liquidators remuneration was agreed at 3% on the amount realized (except cash) and 2% on the amount paid to unsecured creditors (other than preferential).

Prepare Liquidators final statement of account.

10. (a) On 31st March, 2018 The Balance sheet of Spandana Ltd stood as follows.

Liabilities	₹	Assets	₹
Share Capital :		Plant and machinery	16,10,000
150000 Equity shares of		Furniture & Fixtures	1,94,000
Rs.10 each fully paid	15,00,000	Stock	7,05,000
Securities premium	1,50,000	Debtors	1,98,000
General reserve	6,25,000	Cash at Bank	1,13,000
Profit and loss A/C	1,85,000		
Creditors	3,60,000		
	28,20,000		28,20,000

The Balance sheet of Kumar Ltd on 31.3.2018 was as follows:

Liabilities	₹	Assets	₹
Share Capital :	-	Machinery	5,50,000
60000 Equity shares of Rs.10 each		Furniture	1,35,000
fully paid	6,00,000	Stock	3,16,000
Foreign project Reserve (statutory)	9,000	Debtors	1,29,000
General reserve	88,000	Cash at Bank	73,000
Profit and loss A/C	24,000		
3000,11% Debentures of Rs.100 each	3,00,000		
Creditors	1,82,000		
	12,03,000		12,03,000

On this date Spandana Ltd took over the business of Kumar Ltd for Rs. 6,60,000 payable in the form of fully paid equity shares of Rs.10 each at par.

The company proved unsuccessful, it passed the following resolution and obtained the necessary confirmation from the court.

- i. The preference shares to be reduced to an equal number of 12% Cumulative preference shares of Rs.30 each.
- ii. The Equity shares to be reduced to an equal number of shares of Rs.20 each.
- iii. To reduce the Debentures by 20% and issue new 13% debentures for the balance
- iv. To reduce the claims of creditors by Rs.10,000.

The amount thus made available be utilized to write off fictitious Assets patents by Rs.25,000 and to reduce the value of stock by Rs.10,000. to make a provision for doubtful debts to the extent of Rs.5,000.

Pass the journal entries to give effect to the above and show the company's post Reconstruction Balance sheet.

(OR)

(b) Following is the Balance sheet of XY Co. on 31st March, 2018 on which date the entire business is taken over by PQR Ltd.

Liabilities	₹	Assets	₹
X capital	40,000	Premises	50,000
Y capital	40,000	Furniture	10,600
Bank Loan	20,000	Stock	24,000
Bills payable	13,000	Bills Receivables	8,800
Sundry Creditors	19,600	Sundry Debtors	35,000
		Cash	4,200
	1,32,600		1,32,600

The purchase consideration paid by PQR Ltd is as follows:

- a). Rs.5,000 fully paid equity shares of Rs.10 each.
- b).Rs.40,000, 6% Debentures.
- c). Rs.10,000 Cash.

While recording assets the company valued premises at 20% above and stock at 10% less than the book values and furniture at Rs.10,000. Pass necessary journal entries in the books of PQR Ltd and a Balance sheet on that date.

12.(a) prepare Profit and Loss Account of a commercial bank for the year ended 31st march,2018

Particulars	Rs	Particulars	Rs
Interest on Loans	5,00,000	Interest on cash credits	2,60,000
Interest on deposits	1,50,000	Bad debts	10,000
Printing & Stationery	30,000	Payment to employees	80,000
Loss on sale of banking Assets	20,000	Depreciation on bank property	35,000
Insurance & lighting	30,000	Legal expenses	10,000

Locker's Rent	12,000	Interest on borrowings	20,000
Commission & exchange	40,000	Income from Non banking	
Rebate on Bills Discounted on 1.4.2017	15,000	Assets	8,000
		Profit on sale of banking assets	25,000 2,00,000
		Discount on bills(gross)	40,000
		Balance of profit on 1.4.2017	

Additional information:

- Rebate on bills discounted on 31st March , 2018 amounted to Rs.30,000
- Provide for tax 40%
- Proposed dividend Rs.1,00,000
- Transfer to investment reserve Rs.40,000.

(OR)

(b) The following Trial balance is extracted from the Books of Telangana Bank Ltd. for the year ending with 31.3.2018 .Prepare Profit and loss and balance sheet as an date.

Debit balances	₹	Credit balances	₹
Investments	32,00,000	Share capital(80000 equity shares of Rs.10 each)	8,00,000
Premises	10,00,000	Statutory reserve	7,00,000
Cash in hand	50,000	Fixed deposits	15,00,000
Cash at Bank	28,10,000	Saving accounts	35,00,000
Money at call and short notice	3,00,000	Current accounts	70,00,000
Interest paid	2,00,000	Borrowed from banks	5,00,000
Salaries	1,10,000	Profit and loss a/c(1.4.2017)	1,00,000
Loans, overdrafts, advances and credits	70,00,000	Interest received	5,00,000
Bills discounted	5,00,000	Bills payable	4,00,000
		Unclaimed dividends	80,000
		Sundry creditors	90,000
	1,51,70,000		1,51,70,000

The bank had bills worth Rs.14,00,000 for collection and acceptances and endorsements on behalf of customers amounted to Rs.3,00,000.

13.(a) The following information extracted from the books of a Life Insurance Company as on 31st march,2018

Particulars	Amount ₹ (in Thousands)
Premiums:	
First year	600
Renewal	400
Single premiums	200
Claims paid:	
By death	200
By maturity	150

Claims outstanding at the beginning of the year:	
By death	400
By maturity	200
Printing & Stationery	100
Annuities paid	300
Surrenders	200
Commission (direct)	800
Reinsurances accepted	200
Consideration for annuities granted	100
Policy revival fees	100
Interest, dividend & rents	650
Depreciation	120
Medical expenses	500
Other management expenses	250

Other information:

- a). Claims outstanding as on 31st march, 2018, by death Rs.25,000 and by maturity Rs.15,000.
- b). Outstanding premium Rs.35,000 Prepare Revenue account.

(OR)

(b) From the following particulars, you are required to prepare Fire Insurance Revenue Account for the year 31st March, 2018.

Particulars	₹ (in Thousands)	Particulars	₹ (in Thousands)
Claims paid	480	Commission on reinsurance ceded	10
Claims outstanding on 1.4.2017	40	Commission on reinsurance accepted	5
Claims outstanding on 31.3.2017	60	Management expenses	317
Premiums received	1210	Reserve for unexpired risk on 1.4.2017	400
Reinsurance premium paid	120	Additional reserve for unexpired risk	20
Commission on sundry	200	Reinsurance recoveries of claims	8
Expenses regarding claims	5	Loss on sale of Motor car	6
Interest & Dividends	6	Bad debts	3
TDS thereon	1	Legal expenses regarding claims	3
		Profit on sale of investments	2
		Depreciation on assets	6

You are required to provide for additional reserve for unexpired risk at 1% of net premium in addition to the opening balance.

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- I. ఈ క్రింది ఏవైనా ఐదు ప్రశ్నలకు సమాధానములు వ్రాయండి (5x4=20 Marks)
1. ఆధిక్యపు వాటాలు
 2. విలీనం స్వభావము గల సంయోగము
 3. అంతర్గత పునర్నిర్మాణం
 4. నిరర్థక ఆస్తులు
 5. వదులు కోళ్ళు విలువ - వదులుకోళ్ళు
 6. 15.10.2017 న ఒక కంపెనీ ఆవరణలో అగ్ని ప్రమాదం సంభవించింది. క్రింది వివరాల నుండి స్టాక్ నష్టాన్ని మరియు భీమా క్లెయిమ్ ను లెక్కించండి.

వివరములు	₹
1.4.2016 న స్టాక్	30,600
1.4.2016 నుండి 31.3.2017 వరకు కొనుక్కోళ్ళు	1,22,000
1.4.2016 నుండి 31.3.2017 వరకు అమ్మకాలు	1,80,000
31.3.2017 నాటి సరుకు విలువ	27,000
1.4.2017 నుండి 15.10.2017 వరకు కొనుక్కోళ్ళు	1,47,000
1.4.2017 నుండి 15.10.2017 వరకు అమ్మకాలు	1,50,000

ఖరీదులో 90% స్టాక్ విలువను లెక్కించడం జరుగుతున్నది. అగ్ని నుండి రక్షింపబడిన స్టాక్ విలువ రూ. 18,000. అగ్ని భీమా పాలసీ మొత్తం రూ. 63,000. భీమా పాలసీ లో సగటు క్లాజ్ ఉంది.

7. యాక్స్ ట్రాస్ట్ బ్యాంకు లిమిటెడ్ వారి పుస్తకాలు 31 మార్చి, 2017 నాటి Mr. Bad రూ. 3,00,000 బాకీపడినట్లు చూపుతున్నవి. ఇది సంకయాత్మకముగా వున్నది. అదనముగా దీనిపై రూ. 30,000 వడ్డీ ప్రాప్తించినది. తదుపరి ఇతడు దివాళా తీసిన కారణముగా రావలసిన మొత్తములో 40% వసూలైనది. యాక్స్ ట్రాస్ట్ బ్యాంకు లిమిటెడ్ పుస్తకాలలో అవసరమైన చిట్టాపద్ధులు వ్రాసి, Mr. Bad ఖాతాను చూపుము.
8. రోషన్ కం. లిమిటెడ్ వారు సీరి కంపెనీ వారికి ఆస్తులను రూ. 6,00,000 లకు అమ్మినారు. కొనుక్కోలు ప్రతిఫలమును రూ. 2,40,000 నగదు రూపములోను, రూ. 3,60,000 సీరి కంపెనీ లిమిటెడ్ వారి 24,000 ఈక్విటీ వాటాలు రూ. 20 విలువ గలవి రూ. 15 చెల్లించినట్లుగా రోషన్ కంపెనీ లిమిటెడ్ వారి వాటాదారులకు కేటాయిస్తారు. రోషన్ కంపెనీ లిమిటెడ్ వారి పుస్తకాలలో కొనుక్కోలు ప్రతిఫలము నమోదు చేయడానికి అవసరమయ్యే చిట్టాపద్ధులను వ్రాయండి.

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