



23106190

**QP CODE: 23106190**

**Reg No** : .....

**Name** : .....

**B.COM DEGREE (CBCS) IMPROVEMENT / REAPPEARANCE EXAMINATIONS,  
MARCH 2023**

**Fourth Semester**

**Core Course - CO4CRT11 - CORPORATE ACCOUNTING II**

(Common for all B.Com Degree Programmes)

2017 Admission Onwards

E4B3E690

Time: 3 Hours

Max. Marks : 80

**Part A**

*Answer any **ten** questions.*

*Each question carries **2** marks.*

1. What do you mean by the term 'Insurer'?
2. What is reinsurance premium ceded?
3. What is the treatment of reserve for unexpired risk?
4. Discuss the term 'Slip System of Posting'.
5. What is a Contingent liability?
6. Give journal entry for converting share capital into stock.
7. A company whose capital consist of 10,000 shares of Rs. 100 each ,Rs. 80 paid up, decides to reduce the shares into 10,000 shares of Rs. 80 each fully paid. Give journal entries.
8. What is the journal entry in the book of Transferor for Purchase Consideration due?
9. What is the journal entry for the purchase consideration due in the book of transferee company?
10. Explain the situation when the process of absorption takes place?
11. What is Compulsory Winding Up?
12. What is List B contributory?



(10×2=20)

**Part B**

*Answer any **six** questions.*

*Each question carries **5** marks.*

13. What is life assurance fund? How does it appear in balance sheet?
14. How will you prepare the Profit and loss account of life insurance company?
15. The trial balance of Kumar Bank Ltd as on 31/12/2005 shows the following balances:

1. Interest earned (including discount on bills)	- Rs.45,40,600.
2. Rebate on bill discounted (on 1/1/2005)	- Rs.4,750.
3. The amount of unexpired discount as on 31/12/2005	-Rs. 5,560.

You are required:

1. Pass journal entry.
  2. Show the ledger accounts of Interest and Discount.
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16. Distinguish between internal reconstruction and amalgamation.
  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 to 15% 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. Explain the merits of Amalgamation.
  19. Explain the context when amalgamation in the nature of purchase and amalgamation in the nature of merger are suitable.





20. What are the important methods for the calculation of purchase consideration? Briefly explain.

21. Balance Sheet of XY Ltd.as on 31 March 2017

Liabilities	₹	Asset	₹
Share Capital:		Fixed Assets:	
50,000 equity shares of ₹ 10 each fully paid	5,00,000	Land & building	3,00,000
2,000 10% preference shares of ₹ 100 each	2,00,000	Plant & Machinery	4,00,000
12% Debentures	1,00,000	Current assets:	2,00,000
Sundry Creditors	3,00,000	Stock	1,60,000
		Debtors	40,000
		Cash	
	11,00,000		11,00,000

The company went into voluntary liquidation on the date of the Balance Sheet:

**The liquidator realised the assets as follows:**

	₹
Land & Building	4, 10,000
Plant & Machinery	2, 60,000
Stock	90,000
Debtors	1, 20,000
Sundry creditors include preferential creditors	40,000

The liquidation process completed on 30th September 2017. Debenture interest is due from 1st January 2017. Legal expenses amounted to ₹ 3,000. The liquidator is entitled to a remuneration of 2% of amount realised and 3% of amount paid to unsecured creditors. Liquidation expense amounted to ₹ 2,000.

Prepare Liquidators Final Statement of Account.

(6×5=30)

### Part C

Answer any **two** questions.

Each question carries **15** marks.



22. From the following information prepare revenue account of ABC Life Insurance Company for the year ended 31.03.2019

Premium	25,80,000
Reinsurance premium ceded	80,000
Interest dividend and rent	15,20,000
Fines for revival and lapsed policies	1,250
Consideration for annuity granted	85,000
Claims paid	2,80,000
Reinsurance balance irrecoverable	82,000
Expenses of management	2,30,000
Commission	1,15,000
Bonus in reduction of premium	3,550
Annuities paid	1,14,000
Surplus on revaluation of reversionary purchased	9,000
Surrenders	1,70,000
Income tax	80,000
Bonus in cash	1,12,500

The company has paid an interim bonus of Rs.20,000 and 20% of the surplus is to be allocated to share holders and the balance being carried forward.

23. 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.

24. The following is the balance sheet of AS Ltd. as on 31-12-2018

Liabilities	Amount	Assets	Amount
13% cumulative preference shares of Rs. 100 each	1,00,000	Fixed assets	15,00,000
Equity shares of Rs. 10 each	7,00,000	Current assets	35,00,000
8% debentures	3,00,000	P&L account	3,00,000
Current liabilities	39,00,000		
Provision for taxation	3,00,000		
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	53,00,000		53,00,000
	=====		=====

The company adopted the following scheme of Internal Reconstruction.

- Fixed assets are written down by 33 & 1/3%
- Current assets are to be revalued at Rs.27,00,000
- Preference shareholders decided to forego their right to arrears of dividend, which are in arrear for 3 years.
- Taxation liability is settled at Rs 4,00,000
- One of the creditors of the company to whom the company owes Rs. 25,00,000 decided to forego 50% of his claim. He is allotted 1,00,000 equity shares of Rs. 5 each in part satisfaction of the balance of his claim.
- The rate of interest on debentures is increased to 11%. The debenture holders surrender their existing debentures of Rs. 100 each and exchange the same for fresh debentures of Rs. 75 each
- All existing equity shares are reduced to Rs. 5 each.
- All preference shares are reduced to 75 each.

Pass necessary journal entries and show the balance sheet.

25. "Amalgamation in the nature of purchase and in the nature of merger are different from External Reconstruction". Explain the differences with suitable examples.

(2×15=30)