



DEPARTMENT OF COMMERCE
QUESTION BANK FOR B COM
CORPORATE ACCOUNTING - II

MODULE I (CO1) Illustrate Insurance Companies Financial statements
(Understand)

SECTION A

1. Define insurance.
2. Explain the following terms;
 - Insurance premium
 - Sum Assured.
3. What is principle of indemnity?
4. What is Fire insurance?
5. What is re-insurance?
6. What is agent's balance?
7. What do you mean by life insurance?
8. How the re-insurance is different from double insurance?
9. What is a valuation balance sheet?
10. Enumerate General Insurance Business.

SECTION B

11. From the following information, calculate the amount of claim to be debited to revenue account.

Claim paid during the year- Rs.46,00,000

claims outstanding at the beginning of the year- Rs.85000

Re insurance claim-Rs.1,20,000

expenses on claim-Rs.18000

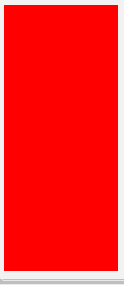
claims intimated and accepted but not paid at the end of the year- Rs.170000

Claim intimated and not accepted at the end of the year-Rs.52000

12. What is marine insurance? Explain the various types of marine insurance policies.
13. A life insurance company gets valuation done once in two years. Its life assurance fund on 31.3.2018 amounted to ₹41,40,000 before providing ₹3000 for the shareholders dividend for the year 2017-18. Its actuarial valuation on 31.3.2018 disclosed a liability of ₹40,40,000 under assurance annuity contracts. An interim bonus of ₹60,000 was paid to policyholders during the year ending 31.3.2018. prepare valuation Balance sheet and distribution of surplus.
14. Elucidate distribution of surplus to policy holders?
15. Explain the important principles of insurance.
16. Distinguish between life insurance and general insurance
17. Prepare a marine revenue account from the following data.
 - Premium received -₹8000
 - Reinsurance premium paid-₹1100
 - Reinsurance premium received-₹350
 - claims-₹1100
 - Commission on direct expenses-465
 - Expenses of management-₹2100
 - Provision for unexpired risk-100%of net premium.
18. Explain Commission on reinsurance ceded.
19. Elucidate Valuation Balance sheet with its proforma.
20. What Is Bonus in reduction of Premium. Explain its treatment in Revenue Account.

SECTION C

21. The life fund of a life insurance company was ₹86,48,000 as on 31.3.2018. The interim bonus paid during the period was ₹1,48,000. The periodical actuarial valuation determined the net liability at ₹74,25,000. Surplus brought forward from the previous valuation was 8,52,000. The directors of the company proposed to carry forward ₹9,31,000 and to divide



the balance between shareholders and policyholders. Calculate valuation balance sheet, Net profit for the valuation period and the distribution of surplus.

22. Following trial balance was extracted from the books of Alliance life insurance corporation as on 31.03.2018

PARTICULARS	DR ('000)	CR ('000)
Paid up share capital		50000
Life assurance fund(1/4/2017)		14,86,150
Bonus to policyholders	15750	
premium received		80750
Claims paid	98500	
Commission paid	4650	
Management expenses	16150	
Mortgages in India	2,46,100	
Interest and dividend received		56350
Agents balance	4650	
Freehold premises	20000	
Investments	1152500	



Loans on company's policies	86800	
Cash on deposits	13500	
Cash in hand	3650	
Surrenders	3500	
Dividend paid	7500	

You are required to prepare Corporations revenue account for the year ended 31.03.2018 and its Balance Sheet as on that date after considering the additional information.

- Claims admitted but not paid ₹45,00000
- Management expenses due ₹100000
- Interest accrued ₹9650000
- Bonus utilised in reduction of premium ₹1000000
- Claims covered under reinsurance ₹1150000

23. The following are extracted from the books of Real insurance company Ltd. as on 31.03.2018

Premium less reinsurance - ₹16400000
 Interest and dividend - ₹4200000
 Commission of reinsurance ceded - ₹60000
 Commission on direct business - ₹880000
 Commission on reinsurance accepted - ₹290000
 Claims paid less reinsurance - ₹8200000
 Claims outstanding on 31.3.2018 - ₹600000
 Claims outstanding on 1.4.2017 - ₹480000
 Reserve for unexpired risk on 1.4.2017 - ₹5200000

salaries-₹680000
Director remuneration-₹120000
Rent and taxes-₹160000
Printing and postages-₹48000
Additional reserve on 1.4.2017-₹800000

Reserve for unexpired risk is to be maintained at 50% of net premium income. Additional reserve is to be increased by ₹120000. Prepare revenue account for the year ending 31.3.2018

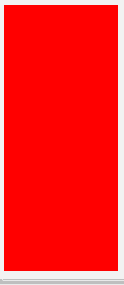
**MODULE 2 (CO2) Demonstrate Financial Statements Of Banking Companies
(Understand)**

SECTION A

24. What are non banking assets?
25. What is SLR?
26. What is repo rate and reverse repo rate?
27. What are non performing assets?
28. Explain capital adequacy ratio?
29. What is standard assets?
30. What is rebate on bills discounted?
31. Outline statutory reserve?
32. Outline cash reserve?
33. Write a note on Non-Performing Assets .

SECTION B

34. Explain the following terms:
 - Contingent Liabilities
 - Rebate on bills discounted with appropriate journal entries.
35. From the following details, compute the amount of provision required to be made in the profit and loss account of National Bank for the year 2017-18



- a. ASSETS (₹ in lakhs)
- b. Standard assets 16000
- c. Substandard Assets 12000
- d. Doubtful Assets :
- i. For 1 year secured 4800
 - ii. For 2 or 3 years secured 3600
 - iii. For more than 3 yrs 1800

36. (secured by mortgage of Machinery worth ₹1000 lakhs)

- a. Non-Recoverable (loss Assets) 3000

37. Calculate Rebate on Bills discounted as on 31.3.2018

Date of the Bill	Amount	Period of the bill	Rate of discount
20.1.2018	800000	5 months	16% p. a
10.2.2018	400000	4 months	18% p. a
15.3.2018	600000	2 months	15% p. a

Also pass journal entry

38. Explain Asset Classification and Income Recognition in banking Companies.

SECTION C

39. From the following information, prepare the Profit and loss account of Lakshmi Bank Ltd for the year ended 31.3.2018:

Interest on Fixed Deposits	430000
Interest on Loans	650000
Discount on bills discounted	415000
Interest on Overdraft	210000
Interest on Cash Credit	410000
Interest on savings bank deposit	125000

Salaries and Allowances	140000
Rent, Taxes Insurance & lightning	40000
Locker Rent	5000
Repairs to bank property	2000
Commission,Exchange & Brokerage	24000
Directors fees and allowances	25000
Transfer fees	2000
Provident fund contributions	12000
Local committee Fees and Allowances	10000
Audit fees	12000
Printing & Stationery	4000
Loss on sale of Government securities	15000
Loss on sale of furniture	2000
Postage and Telephone	2000
Depreciation	7000
Preliminary Expenses	3000
Advertisements	4000
Legal charges	3000
Profit on sale of investment	10000

Additional information :

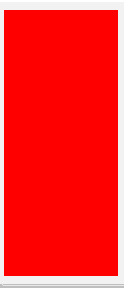
Rebate on bills discounted on 1.4.2017 ₹19000

Rebate on bills discounted on 31.3.2018 ₹26000

Bad debts written off ₹40000

Provide for Taxation ₹50000

Provide ₹10000 for dividend



40. On 31.3.2018, the following balances stood in the books of Hindustan Bank Ltd, after preparation of its Profit and loss account.

Share capital	4000
Reserve fund u/s 17	6200
Fixed Deposits	42600
Savings Bank Deposit	19000
Current accounts	23200
Money at call and short notice	1800
Investments	25000
Profit and loss a/c (Cr) on 1.4.2017	1350
Dividend for 2016 - 17	400
Premises	2950
Cash in hand	380
Cash with RBI	10000
Cash with other banks	6000
Bills discounted and purchased	3800
Loans, cash credit and overdraft	51000
Bills payable	70
Unclaimed dividend	60
Rebate on bills discounted	50
Short loans	4750
Furniture	1164
Non-banking Asset	336
Net profit for 2017-18	1550

Additional information :

Claims against the bank not acknowledged as debt ₹1000.

Acceptance on behalf of customers amount to ₹3000.

Bills for collection amount to ₹13000

Prepare Balance sheet of the bank as on 31.3.18.

41. From the following balances of ABCD Bank Ltd as on March 2018 Prepare Balancesheet in the prescribed format

(Figures in Rupees)

Paid up share capital	1000000
Bills discounted	900000
Reserve fund	385000
Cash credit	1000000
Overdraft	400000
Unclaimed dividend	5000
Loans	2300000
Current deposits	1900000
Furniture	20000
Profit and loss A/c (Cr)	110000
Stamps and Stationery	5000
Cash in hand	250000
Cash with RBI	650000
Branch Adjustment (Dr)	85000
Investments	475000
Loans (Cr)	600000
Recurring deposits	500000
Fixed deposits	1000000
Cash certificates	500000
Contingency reserve	85000

Additional information:-



- 1) Rebate on bills discounted 5000
- 2) Provide 40000 for doubtful debts
- 3) Bank's Acceptances on behalf of customers were 650000

42. The following are the balance of Indian bank Limited for the year ended 31/12/2018

	Amount
Interest on loan	5,18,000
Interest on fixed deposit	5,50,000
Commission received	16,400
Salaries and allowance	1,08,000
Discount on bill discounted	3,90,000
Interest on cash credit	4,46,000
Interest on current a/c	84,000
Rent and tax	36,000
Interest on overdraft	3,08,000
Director's fees	8,400
Interest on savings a/c	1,36,000
Postage and telegram	8,600
Lockers rent	2,000
Depreciation on bank properties	10,000
Transfer fees	1,400
Sundry charges	3,400
Other information:	
1. Rebate on bill discounted	Rs 98,000
2. Bad debts	Rs 80,000
3. Provision for income tax	Rs 3,00,000

From the above information, prepare the Profit and Loss a/c of the bank for the year ended 31/12/2018



**MODULE 3 (CO3) Develop the accounting procedure for Internal Reconstruction
(Apply)**

SECTION A

43. What do you mean by internal reconstruction?
44. What is capital reduction?
45. What is external reconstruction?
46. What do you mean by surrender of shares?
47. What is alteration of share capital?
48. Distinguish internal reconstruction and external reconstruction.
49. Distinguish between consolidation and subdivision of shares.
50. Outline the Importance of Internal Reconstruction.
51. Explain the different ways by which share capital can be altered.
52. What do you mean by conversion of shares?

SECTION B

53. What is internal reconstruction & what are its objectives?
54. Distinguish between internal reconstruction and External reconstruction.
55. Explain the methods of internal reconstruction.
56. Explain the methods of alteration of share capital.
57. What is Reduction of share capital? Explain its procedures?
58. Explain surrender of shares with appropriate journal entries?
59. The following scheme of reconstruction was approved by the court:

Particulars	Amount
EQUITY AND LIABILITIES	
(I) Shareholders Fund:	
(a) Share capital	
Equity shares of ₹10 each	4000000
(b) Reserves and Surplus	



surplus a/c, negative balance	(380000)
(2)Share application money pending Allotment	Nil
(3)Non-Current Liabilities	
(4)Current Liabilities	Nil
Trade Payables (creditors)	3000000
Total	6620000
ASSETS	
(1) Non-Current Assets:	
Tangible Assets (plant & machinery)	3400000
Intangible Assets (Goodwill)	1000000
(2) Current Assets:	
Inventories (stock)	1600000
Trade Recievables	600000
Cash & Cash Equivalents(cash in hand)	20000
Total	6620000

- (1) To reduce the paid up capital by ₹5 per share
- (2) To write off goodwill and negative balance in surplus a/c
- (3) To write down Plant & Machinery by 620000

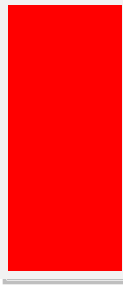
Give journal entries to implement the scheme and prepare capital reduction account.

SECTION C

60. What do you mean by Reduction of share capital? Explain with the journal entries.

61. X ltd resolved the following:

- To reduce 30000 equity shares of ₹10 each to an equal number of shares of ₹7 each.
- To reduce 40000, 8% preference shares of ₹10 each to an equal number of 10% preference shares of ₹4 each



- To reduce 8% debentures of ₹100000 to 10% debentures of ₹70000
- To utilise the amount available to write off Goodwill ₹100000, patents ₹80000, preliminary expenses ₹50000, profit and loss account debit balance ₹70000 and to write down plant and machinery to the extent possible.
- Give journal entries.

62. The following is the Balance sheet of short Life ltd as on 30th September 2018.

Liabilities	₹	Assets	₹
1000, 5% Cumulative Preference shares ₹100 each	100000	Goodwill	7500
2000, Equity shares of ₹100 each	200000	Freehold premises	100000
6% Debentures	50000	Plant & Machinery	150000
Bank Overdraft	17500	Stock	25000
Creditors	50000	Debtors	20000
		Cash at bank	2500
		Surplus A/c	112500
	417500		417500

The company has got the following scheme of capital reduction approved by the court:

- (1) The preference shares to be reduced by ₹40 per share and Equity shares to ₹40 per share.
- (2) The debenture holders took over stock and debtors, in full satisfaction of their claim.
- (3) Goodwill to be eliminated.
- (4) Freehold premises to be increased by 10%.
- (5) Plant & Machinery to be depreciated by $33\frac{1}{3}\%$.
- (6) Reconstruction expenses amounted to ₹2000.

Give journal entries and prepare the Amended Balance Sheet.

63. Smart Ltd has an equity share capital of ₹10000000 consisting of 100000 shares of ₹100 each. It is resolved and sanction of the court has been obtained:
- (1) To subdivide Equity shares into fully paid equity shares of ₹10 each.
 - (2) 80% of the shares to be surrendered to the company.
 - (3) 400000 of the surrendered shares to be issued to 15% Debentures of ₹5000000 in full settlement of the claim.
 - (4) 200000 of the surrendered shares to be issued as fully paid to the creditors of ₹2500000.
 - (5) The balance of the surrendered to be cancelled.
 - (6) To write off debit balance in profit and loss a/c ₹3200000: Goodwill ₹3800000, Preliminary expenses ₹1500000 and the balance to be transferred to Capital Reserve.
- Give journal entries to implement the scheme.

MODULE 4 (CO4) Differentiate the accounting procedure for amalgamation, absorption and external reconstruction. (Analyse)

SECTION A

64. Define amalgamation.
65. What do you mean by absorption?
66. What is purchase consideration?
67. How do you treat intercompany owings in transferred company books?
68. Name the methods of calculating purchase consideration.
69. What is AS 14?
70. What is transferor company?
71. Explain pooling of interest Method.
72. Explain the objectives of Business Combinations
73. List out the methods of calculating purchase consideration.
74. Pass journal entry for discharging liabilities of Rs 10,000?- in the book of the transferor.

75. What is the journal entry for the payment of purchase consideration of Rs 200000/- in the books of transferee?

SECTION B

76. What are the main difference between AS-14 and Ind AS 103?

77. Distinguish between Amalgamation in the nature of Purchase and Amalgamation in the nature of Merger?

78. Amalgamation makes some difficulties in the external environment of the business-Explain

79. External Reconstruction is a need for the survival of a company but absorption is for strengthening the existing one – critically Comment.

80. Amalgamation is very essential to meet the modern business competitions – Explain

81. The amalgamation process disappears the existence of one company- is it a good practice? Why and when?

82. What are the main objectives of External Reconstruction?

83. H Ltd. acquires the business of R Ltd. for which H Ltd. pays Rs 5, 00,000/- in equity shares of Rs 10 each, Rs 50,000/- in 10% debentures of H Ltd. and Rs 1, 00,000/- in cash. Creditors for Rs 20,000/- and provident fund Rs 25,000/- are also paid by H Ltd. Calculate purchase consideration.

84. Discuss the methods of calculating purchase consideration.

85. The following is the extract of balance sheet of A. Ltd. as on the date of its acquisition by B ltd.

Particulars	₹
Shareholders Funds	2600000
Long term provision (Employees PF)	200000
Trade payables	800000
Intangible Assets (Goodwill)	600000
Total Tangible assets	1800000

Inventories	400000
Cash and cash equivalents	100000
Trade receivables	700000

Additional Information :

Goodwill is valued at ₹900000

Tangible Assets are Valued at ₹2000000.

Inventory is valued at ₹360000

All assets and Liabilities are taken over.

Calculate the amount of Purchase consideration.

86. Explain Amalgamation in the nature of Purchase?

87. Distinguish between Amalgamation in the nature of Merger and Purchase.

88. Distinguish between Amalgamation, Absorption and external reconstruction.

89. Day and Light Ltd. Have agreed to amalgamate. A new company daylight Ltd. Was formed to takeover the combined concerns as on 31st Dec 2006. After negotiations, the value of the assets of two companies have been agreed as shown in the following Balance Sheets.

Liabilities	Day Ltd	Light Ltd	Assets	Day Ltd	Light Ltd
Issued Capital:			Land & Buildings	4,50,000	7,50,000
75000 shares of ₹10 each fully paid	7,50,000		Plant & Machinery	3,75,000	3,00,000
150000 shares of ₹10 each		15,00,000	Goodwill	75,000	1,65,000
Sundry Creditors	75,000	1,20,000	Stock	30,000	2,25,000
Reserve Fund	75,000	-----	Sundry Debtors	30,000	1,80,000
Profit & Loss A/c	75,000	75,000	Cash at Bank	15,000	75,000
	975000	1695000		975000	1695000

The Assets and Liabilities are taken over by daylight Ltd. Prepare the purchase consideration Payable to each company.



SECTION C

90. Ajanta Ltd agreed to acquire the business of Elora Ltd as on 31-3-2015. Liabilities and assets of Elora Ltd as on that date were as under :

Particulars	Rs	Rs.
I. Equity and Liabilities		
Shareholders Funds :		
Share capital		
10000 10% Preference shares of Rs. 10 each	100000	
20000 Equity Shares of Rs.10 each	200000	300000
Reserves and Surplus		
Reserves	20000	
Surplus Account	30000	
Less: Discount on issue of shares	(15000)	35000
Non-Current Liabilities:		
(7% Debentures)		100000
Current Liabilities:		
(Sundry Creditors)		150000
Total		585000
II. Assets		
Non Current Assets		
Fixed Assets:		
Land & Building	200000	



Machineries	100000	300000
Current Assets:		200000
Inventories (Stock)		50000
Trade Receivables (Debtors)		35000
Cash and Cash Equivalents (Cash)		
Total		5858000

The consideration payable to Ajanta Ltd was agreed as under:

The preference shareholders of Elora were to be allotted 12% preference shares of Rs. 1 10000.

Equity shareholders to be allotted 6 equity shares of Rs. 10 each issued at a premium of 10% and Rs.3 cash against every 5 shares held. 7% debenture holders of Elora Ltd to be taken over by the transferred company, While arriving at the agreed consideration, the Directors of Ajanta Ltd valued land and building at Rs.250000, stock at Rs. 220000 and debtors at their book value subject to an allowance of 4% to cover doubtful debts. The machineries were values at book value. Debtors of Elora Ltd included Rs. 10000 due from Ajanta Ltd. It was agreed that before acquisition Elora Ltd will pay dividend at 10% on equity shares and will also retain Rs.5000 for liquidation expenses.

Draft journal entries necessary to close the books of Elora Ltd and record acquisition in the books of Ajanta Ltd.

91. The following is the Balance sheet of Tye Ltd. as on 31st December 2018.

Liabilities	₹	Assets	₹
Share capital (10 each)	400000	Goodwill	47000
General Reserve	120000	Freehold Premises	280000

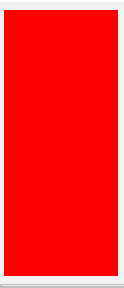
Capital Reserve	42000	Machineries	200000
Accident Compensation Fund	18000	Stock	210000
11% Debentures	80000	Advertisement suspense	50000
Creditors	190000	Debtors	50000
		Bank	13000
	850000		850000

The business except bank balances acquired by Mytry Ltd. for Rs 600000/- payable Rs 400000/- in shares of Rs 10/- each and balances in cash. 13% debentures of Tye Ltd. were redeemed by the issue of 12 debentures in Mytry Ltd. The liquidation expenses of Tye Ltd. amounted to Rs 7500/- On fixing the purchase price, free hold premises were valued at Rs 300000/- and debtors at Rs 40000/-. Give journal entries and ledger accounts in the books of Tye Ltd. and journal entries in the books of Mytry Ltd.

92. The summarized Balance Sheet of Bhoom Ltd. as on 31st December 2015 is given below.

Liabilities	₹	Assets	₹
Share capital (100 each)	150000	Land & Building	175000
13% Debentures of Rs 10 each	75000	Plant and Machinery	46000
General Reserve	45000	Stock	51000
Profit and Loss a/c	18000	Debtors	14500
Creditors	12500	Cash	14000

Bhoom Ltd. is absorbed by Bheema Ltd. on 1st January 2016 with conditions such as all the assets and liabilities are taken over at book value, an exchange of six shares of Bheema Ltd. of Rs



10/- each at par for four shares in Bhoom Ltd. and 13% debentures are to be redeemed at a premium of 5%. Prepare the journal entries in the books of Bheem Ltd. and also close the books of Bhoom Ltd. The expenses of liquidation is paid by Bheem Ltd. amounting to Rs 2500/-.

MODULE 5 (CO5) Elucidate Liquidation of Companies. (Understand)

SECTION A

93. What is meant by liquidation of a company?
94. Who is a liquidator?
95. Explain list A contributory?
96. Elucidate liquidator's final statement of account?
97. What is fraudulent preference?
98. Explain voluntary winding up?
99. Explain compulsory winding up?
100. Enumerate deficiency account?
101. Who are Preferential Creditors?
102. Elucidate the calculation of liquidator Remuneration.
103. Demonstrate the Order of Preference of Liquidation?

SECTION B

104. Explain in detail about preferential Creditor?
105. What are the types of winding up?
106. Who is a liquidator? What are the duties of liquidator?
107. Distinguish between Insolvency & Liquidation.
108. How will you calculate Liquidators Remuneration?
109. Following are the details of various outstanding Liabilities of Sad Ltd which went into liquidation on 1st April 2018:
Income Tax Payable:
2016-17 : ₹32000
2017-18 : ₹20000
Electricity charges payable to the state government on 31.3.2018, ₹30000.
Salary of Staff 'A' for 5 months @ ₹4000 per month.
Salary of staff 'B' for 4 months @ ₹6000 per month.
Accrued Holiday remuneration of staff 'C', ₹21000.
Compensation payable to staff 'D', under Employee's Compensation Act, 1923, ₹25000.

Provident fund and Gratuity payable to Staff 'E', ₹30000.

Directors fees payable for 5 months ₹10000.

Calculate the amount of preferential creditors

110. On Liquidation of Akash Ltd the amount realised from sale of assets ₹ 300,000 and the amount due to unsecured Creditors is ₹ 3,40,000 (including ₹ 10,000 Preferential Creditors.). Liquidator is entitled to a remuneration of 3% on the amount realised from assets and 2% on the amount distributed to unsecured creditors other than preferential creditors .

SECTION C

111.

Balance Sheet of XY Ltd. as on 31 March 2010

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



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

The liquidator realised the assets as follows:	₹
Land and building	4,10,000
Plant and 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 2010. Debenture interest is due from 1st January 2010. Legal expenses amounted to ₹ 3000. The liquidator is entitled to a remuneration of 2% of amount realised and 3% of amount paid to unsecured creditors. Liquidation expense amounted to ₹ 2000. Prepare Liquidators Final Statement of Accounts.

112. Goverdhan Ltd. went into voluntary liquidation. The following are the details: Assets Realised ₹ 40,500, Liquidator's Remuneration ₹ 5,000, unsecured creditors ₹ 20,000 (excluding preferential creditors ₹ 500) and preference share capital ₹ 20000 (2000 shares of 10 each)

Equity share capital consists of:

1,000 shares of ₹ 10 each, ₹ 9 called and paid up.	₹ 9,000
2,000 shares of ₹ 10 each, ₹ 5 called and paid up.	₹ 10,000

You are required to prepare the Liquidator's Final Statement of Account.



113. Prakash Processors Ltd. went into voluntary liquidation on 31st December, 2001 when their Balance Sheet read as follows:

Preference dividends were in arrears for 2 years and the creditors included preferential creditors of ₹ 76,000. The assets realised as follows:

Land and buildings ₹ 6,00,000; Machinery and plant ₹ 10,00,000; Patents ₹ 1,50,000; Stock ₹ 3,00,000; Sundry debtors ₹ 4,00,000.

The expenses of liquidation amounted to ₹ 54500. The liquidator is entitled to a commission of 3% on assets realised except cash. Assuming the final payment including those on debentures is made on 30th June, 2002. Show the liquidator's Final Statement of Account.

Liabilities	₹	Assets	₹
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Issued and subscribed capital:			
10,000 10% cumulative preference shares of ₹ 100 each fully paid	10,00,000	Land and Buildings	5,00,000
5,000 equity shares of ₹ 100 each, ₹ 75 paid	3,75,000	Machinery and Plant	12,50,000
15,000 equity shares of ₹ 100 each, ₹ 60 paid	9,00,000	Patents	2,00,000
15% Debentures secured by a floating charge	5,00,000	Stock	2,75,000
Interest outstanding on debentures	75,000	Sundry Debtors	5,50,000
Creditors	6,37,500	Cash at bank	1,50,000
		Profit and Loss a/c	5,62,500
	34,87,500		34,87,500

114. X Ltd. went into liquidation on 31st March, 2005, when their Balance Sheet was as follows:

Receipts	₹	Payments	₹
2,500 Equity Shares of ₹ 100	2,50,000	Land and Building	2,00,000
5% Debentures (having floating charges on all assets)	2,00,000	Plant and Machinery	2,00,000



Interest Outstanding on Debentures	25,000	Stock	2,00,000
Loan from HDFC Bank (Secured by mortgage of land & building)	2,00,000	Cash in hand	10,000
Loan from IDBI Bank (Secured by Hypothecation of stock)	2,00,000	Cash at Bank	90,000
Owing to Govt. for: Taxes	75,000	Other Current Assets	3,00,000
Telephone Electricity and Water	50,000		
	<u>10,00,000</u>		<u>10,00,000</u>

Other Information:

1. Expenses of Liquidation ₹ 30,000
2. Legal Charges ₹ 2000
3. Liquidator is entitled to a commission of 3% on assets realised except cash and bank and 2% on the amount distributed to unsecured creditors (other than preferential creditors).
4. All payments were made on 30th September, 2005.
5. The realised amount of assets were: Land and Building 150%, Plant and machinery 50%, Stock 50%, other current assets ₹ 1,00,000.

115. Sabari Ltd went into voluntary liquidation. Prepare Liquidators final statement of account from the following.

Sundry assets realised	480000
Preferential creditors	10000
Unsecured creditors	150000
12% Debentures	200000
7% preference share capital (shares of ₹10 each)	300000
Liquidation expenses	2000
Secured creditors (securities realised ₹120000)	160000
Equity share capital (100000 shares of ₹10 each)	1000000

Liquidator is entitled to a remuneration of 2% on all assets realised including assets held as security with secured creditor and 3% on the amount paid to unsecured creditors including preferential creditors.

116. Following particulars relate to Nagarjuna Ltd which has gone in to voluntary liquidation.

You are required to prepare the liquidators final statement of account. The liquidator is entitled to get a remuneration of 2% on the amount realised from assets and 2% on the amount distributed to unsecured creditors other than preferential creditors.

Unsecured creditors	224000
Preferential creditors	70000
Debentures	75000

The assets realised the following sums:

Cash in hand	₹20000
Land and building	₹130000
Plant & Machinery	₹110500
Furniture and Fittings	₹7500



The liquidation expenses amounted to ₹2000. A call of ₹2 per share on the partly paid 10000 equity shares was made and duly paid except in case of one shareholder holding 500 shares.