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(Pages : 6)

Name.....

Reg. No.....

**THIRD SEMESTER B.Com. DEGREE (PVT/SDE) EXAMINATION
FEBRUARY 2013**

(U.G.-CCSS)

BC 3B 04—CORPORATE ACCOUNTING

(2011 admissions)

	Time	Weightage
Part I Descriptive Questions	2.45 Hours	27
Part II Multiple Choice Questions	0.15 Hour	3
Maximum	3 Hours	30 Weightage

Part I

Section A

I. Answer all *nine* questions in one or two sentences each. Each question carries a weightage of 1 :

- 1 What is Minimum subscription ?
- 2 What is Issued Capital ?
- 3 What is meant by Forfeiture of shares ?
- 4 X Ltd. decided to redeem its 10,000, 8 % redeemable preference shares of Rs. 100 each, fully paid, at par by using its General Reserve. Give Journal entries to record the redemption.
- 5 R Ltd. issued 1,000, 9 % debentures of Rs. 100 each at par but redeemable at 5 % premium. Give journal entry at the time of issue.
- 6 What are Contingent Liabilities ? Give *two* examples.
- 7 What do you mean by Purchase Consideration ?
- 8 What is meant by Statutory Reserve ?
- 9 What is Valuation Balance Sheet ?

(9 × 1 = 9 weightage)

Section B

II. Short Essays. Answer any *five* questions. Answer not to exceed one page each. Each question carries a weightage of 2 :

- 10 State the provisions of the Section 80 regarding redemption of Preference Shares.
- 11 Give the schedule of advances of a banking company using imaginary figures.

Turn over

- 12 A shareholder was holding 500 equity shares of Rs. 10 each of a company issued at a discount of 10 %, who paid Rs. 2 on application, Rs. 3 on allotment, but could not pay the first call of Rs. 3 per share. These shares were forfeited by directors and reissued at a price of Rs. 7 per share. Give Journal entries to record the forfeiture and re-issue transactions.
- 13 X Ltd. has a profit of Rs. 4,00,000 in its Balance Sheet on 31-3-2010. During the year 2010-11, it made a further Profits of 3,40,000 before providing taxation. Prepare the Profit and Loss Appropriation account of the company on 31-3-2011 after taking into account the effect of the following decisions :
- Provision for taxation 50% of current year Profit.
 - Transfer to General Reserve 10 % of Profit after tax.
 - Transfer to dividend equalisation fund Rs. 2,00,000.
 - Dividend to preference shareholders at 6 % on 1,00,000.
 - Dividend to equity shares at 10 % on Rs. 2,00,000.
 - Development Rebate Reserve Rs. 50,000.

- 14 The following are the summarised Balance Sheet of Peter Ltd. and Sha Ltd. on 31-3-2011 :—

	Rs.	Rs.		Rs.	Rs.
Share Capital (shares of Rs. 10 each)	... 40,000	20,000	Fixed Assets	... 42,000	33,000
Profit and Loss Account	... 5,000	—	Stock	... 3,000	3,000
Creditors	... 15,000	6,000	Debtors	... 13,000	7,000
10 % debentures	... —	20,000	Cash at bank	... 2,000	3,000
	<u>60,000</u>	<u>46,000</u>		<u>60,000</u>	<u>46,000</u>

Peter Ltd. agreed to absorb Sha Ltd. on 31-3-2011 on the following conditions :—

- Peter Ltd. agreed to repay 10 % debentures of Sha Ltd.
- Peter Ltd. to revalue its fixed assets at Rs. 69,000 to be incorporated in the books.
- Share of both the companies to be valued on net assets basis after considering Rs. 20,000 towards the value of Goodwill of Sha Ltd.
- The cost of absorption of Rs. 2,000 is met by Peter Ltd.

Calculate the ratio of exchange of shares.

- 15 From the following information, prepare the Revenue Account for the five business of New India Assurance Co. for the year ended 31-12-2011 :

	Rs.
Claims admitted but not paid	... 42,000
Commission paid	... 50,000
Commission on reinsurance received	... 12,000
Expenses of management	... 78,000
Bad debts	... 2,500

	Rs.
Claims paid	15,000
Premium received (less reinsurance)	5,50,000
Reserve for unexpired risk (1-1-2011)	2,30,000
Additional reserve as on 1-1-2011	10,000
Claims outstanding as on 1-1-2011	27,000
Profit and Loss appropriation account	40,000

Additional information :

- (i) Premium outstanding at the end of the year Rs. 40,000.
 - (ii) It is the policy of the company to maintain 50 % of the premium towards reserve for unexpired risks.
 - (iii) Additional reserve at 10 % of net premium is to be maintained.
- 16 Given below is the interest on advances of a commercial bank (Rs. in lakhs)

	<i>Performing Assets</i>		<i>Non-performing Assets</i>	
	Interest earned	Interest received	Interest earned	Interest received
Term loans	300	150	140	10
Cash credit and OD	1,400	1,200	300	25
Bills purchased and discounted	300	200	100	30

Calculate the amount of interest to be recognised as income.

(5 × 2 = 10 weightage)

Section C

III. Answer any *two* questions. Each question carries a weightage of 4 :

17 Write notes on :

- (a) Types of Joint Stock Companies and their features.
- (b) Methods of redeeming debentures and their accounting treatment.

18 A Limited Company issued 1,00,000 share of Rs. 10 each as Re. 1 payable on application, Rs. 2 on allotment, Rs. 3 on first call, and Rs. 4 on final call. All money payable on application, allotment and calls has been received with the following exceptions : Suresh holding 1,000 shares has not paid the money due on allotment and calls. Rajesh, who holds 500 shares has not paid the money due on first call and final call. Praveen, who holds 300 shares, has not paid the amount due on final call.

The shares of Suresh, Rajesh and Praveen were therefore, forfeited and subsequently reissued for cash at a discount of 5 %.

Pass Journal entries recording the issue, forfeiture and reissue of forfeited shares in the books of the company.

Turn over

19 The following balances appeared in the books of R Ltd. on 31-03-2012 :—

<i>Debit Balance</i>		<i>Credit Balance</i>	
Rs.		Rs.	
Stock (1-4-2011) ...	60,000	Sales ...	3,47,600
Purchases ...	1,80,000	Interest ...	4,800
Freight ...	8,000	Reserve Fund ...	32,000
Wages ...	18,600	Paid up Capital ...	1,20,000
Salaries ...	24,000	Profit and Loss	
Insurance ...	9,200	Appropriation Account ...	64,500
Preliminary expenses ...	16,000	Creditors ...	35,600
Building ...	1,00,000	Bills payable ...	20,000
Carriage inwards ...	8,400	6 % debenture ...	80,000
Interim dividend ...	7,200		
Bills receivable ...	32,600		
Debtors ...	29,200		
Investments ...	34,000		
Machinery ...	1,77,300		
	<u>7,04,500</u>		<u>7,04,500</u>

Adjustments :

- (a) Closing stock Rs. 43,200.
- (b) Depreciate machinery by 10 %.
- (c) Provide for doubtful debts 5 % debtors.
- (d) Transfer Rs. 25,000 to Reserve Fund.
- (e) Provide for debenture interest for one year.
- (f) Write-off 20 % preliminary expenses.

(Ignore corporate tax)

(2 × 4 = 8 weightage)

Part II

Multiple Choice Questions :

1. Assets are NPAs for a period not exceeding 12 months are called _____.

- | | |
|----------------------|-------------------------|
| (a) Standard Assets. | (b) Substandard Assets. |
| (c) Doubtful Assets. | (d) Loss Assets. |

2. Assets are NPAs for a period exceeding 12 months are called _____.

- | | |
|----------------------|-------------------------|
| (a) Standard Assets. | (b) Substandard Assets. |
| (c) Doubtful Assets. | (d) Loss Assets. |

3. _____ is a form of agreement between two parties in which one party agrees to make good for loss of another.
- (a) Contract. (b) Insurance.
(c) Banking. (d) Mutual fund.
4. The agreement of insurance is called as _____.
- (a) Policy. (b) Premium.
(c) Annuity. (d) None of these.
5. The consideration in insurance for covering the risk is called _____.
- (a) Claim. (b) Premium.
(c) Annuity. (d) None of these.
6. _____ is the party who undertakes the risk in insurance.
- (a) Insurer. (b) Assurer.
(c) Underwriter. (d) All of these.
7. The party whose risk is covered in insurance is known as _____.
- (a) Insurer. (b) Insured.
(c) Underwriter. (d) None of these.
8. In _____, the insurer agrees to pay a certain sum of money to the policyholder either on his death or a certain age, which ever is less.
- (a) Fire Insurance. (b) Marine Insurance.
(c) Burglary Insurance. (d) Life Insurance.
9. General Insurance includes _____.
- (a) Fire Insurance. (b) Marine Insurance.
(c) Burglary Insurance. (d) All of these.
10. LIC was nationalized in _____.
- (a) 1935. (b) 1950.
(c) 1956. (d) 1964.
11. Insurance business in India is regulated by _____.
- (a) LIC. (b) IRDA.
(c) RBI. (d) SEBI.
12. Under _____, the sum assured is given to the beneficiary only on death of policyholder.
- (a) Whole Life Policy. (b) Endowment Policy.
(c) Annuity. (d) None of these.

Turn over

13. _____ is the amount payable to the insured on the happening of event.
- (a) Premium. (b) Annuity.
(c) Claim. (d) Policy.
14. An annual payment which an insurer guarantees to pay for lump sum money received in the beginning is called _____.
- (a) Premium. (b) Annuity.
(c) Claim. (d) Policy.
15. In _____, a new company is formed to take over the business of two or more existing companies which go into liquidation.
- (a) Amalgamation. (b) External reconstruction.
(c) Absorption. (d) Internal reconstruction.
16. Amalgamation is done for _____.
- (a) Eliminating competition.
(b) Dominating the market.
(c) Enjoying the benefits of large scale operation.
(d) All of these.
17. Company which is amalgamated into another company is called _____.
- (a) Transferor company. (b) Transferee Company.
(c) Purchasing company. (d) Holding Company.
18. _____ is the company into which a company is amalgamated.
- (a) Transferor company. (b) Transferee Company.
(c) Subsidiary company. (d) Holding company.
19. Purchase consideration is payable to _____.
- (a) Creditors. (b) Shareholders.
(c) Debenture holders. (d) All of these.
20. In _____, a new company is formed to take over the business of an existing company which goes into liquidation.
- (a) Amalgamation. (b) External reconstruction.
(c) Absorption. (d) Internal reconstruction.

(3 weightage)