



(4 x 4 = 8 weightage)

THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2010
(CCSS) ore Course
BC 3B 04 - CORPORATE ACCOUNTING

Time: Three Hours

Maximum: 30 Weightage

Objective type questions.

Answer all 12 questions.

I. Fill in the blanks.

- 1 _____ have priority over equity as to the receipt of dividends and as to assets in the event of liquidation.
- 2 When there are two or more liquidations and one formation, it is known as _____.
- 3 Banks are required to transfer _____ of their profits to a statutory reserve.
- 4 When the shareholders give up the right on the shares it is known as _____.

Choose the correct answer :

- 5 When shares are forfeited the share capital account is debited by :
(a) calls in arrears. (b) called up amount. (c) paid up amount.
- 6 Preliminary expense is :
(a) current assets. (b) fictitious assets. (c) current liability. .
- 7 A non-banking asset is:
(a) an item of office equipment (b) bank premises. (c) secured property acquired from defaulting borrowers.
- 8 General insurance is a contract:
(a) to pay a certain sum of money. (b) of indemnity. (c) of assurance.

II Match the following:

- | | |
|-----------------------|-----------------------------|
| 9 Calls in advance | (a) Creditors. |
| 10 Debenture | (b) Satisfaction of claims. |
| 11 Non-banking assets | (c) Indemnity. |
| 12 General insurance | (d) Asset. |
| | (e) Liability. |

(12 x 1A = 3 weightage)

II. Short answer type questions. Answer all nine questions.

- 13 What is Double Insurance.
- 14 What is meant by Reversionary Bonus ?
- 15 What do you mean by forfeiture of shares ?
- 16 Give journal entry in the books of the company when shares are forfeited issued at par.
- 17 On 1st January 2,000 X Ltd issued 30,000 15 % debentures of ₹ 10 each at a discount of 5 % redeemable on 31-12-2004 at a premium of 7 %. Give journal entry in the books of the company on redemption of debentures.
- 18 What do you mean by sub-division of shares ?
- 19 How will you ascertain the intrinsic value of a share ? .
- 20 Calculate rebate on bills discounted :

Date of the bill	—	20-01-2006
Amount	—	₹ 40,000
Period of the bill	—	5 months
Rate of discount		16%

- 21 Give journal entry for outstanding claims at the beginning payable by the insurance company.
(9 x 1 = 9 weightage)

III. Answer any 5 questions from 7.

- 22 X LTD offered for public subscription 10,000 equity shares of ₹ 10 each at a premium of ₹ 2 per share payable ₹ 4 on application, ₹ 4 (including premium) on allotment and balance in two equal instalments of ₹ 2 each. The issue was fully subscribed. All the money was duly received. Pass journal entries.
- 23 YLTD issued 500 equity shares of ₹ 10 to 'P', payable ₹ 3 on application, ₹ 3 on allotment, ₹ 2 on first call and ₹ 2 on final call. The final call was not made by the company. He did not pay the first call money. His shares were forfeited. Pass journal entries.
- 24 Journalise the following transaction at the time of issue and redemption of debentures. A debenture issued at ₹ 95 repayable at ₹ 105.
- 25 What is profit and loss appropriation account. Show the format of a profit and loss appropriation account.
- 26 What is the procedure for reconstruction ? ...
- 27 Show by mean of imaginary figures the contingent liabilities in the Balance Sheet of a Banking Company.
- 28 From the following particulars, ascertain the amount of premium to be credited to Revenue Account:—

		₹
Premium received during 2006-07	...	21,00,000
Outstanding premium on 31-3-07	...	1,60,000
Premium received in advance on 1-4-2006	...	55,000
Premium received in advance on 31-3-07	...	90,000
		(5 x 2 = 10 weightage)

V. Answer any two questions.

- 29 The following figures are extracted from the books of the RPN Bank LTD as on 31st March, 2005 :—

	₹
Interest and discount received	18,47,869
Interest paid on deposits	10,16,226

Commission exchange and brokerage	1,00,000
Rentreceived	27,500
Profit on sale of investments	1,00,000
Salaries and allowances	15,000
Rent and Taxes paid	50,000
Postage and telegrams	25,143
Depreciation on Bank's properties	15,000
Stationery	25,000
Preliminary expenses	7,500
Audit fees	2,500

The following further information is given :—

- A customer to whom a sum of ₹ 5,00,000 has been advanced has become insolvent and it is expected that only 50 % can be recovered from his estate ?
- There were also other debts for which a provision of ₹ 75,000 was found necessary by the auditors.
- Rebate on bills discounted as on 31st March 2004 ₹ 6,000. Rebate on bill discounted as on 31st March 2005 ₹ 8,000. ;
- Provide ₹ 3,25,000 for income tax.
- Write off all the preliminary expenses.

Prepare Profit and Loss Account in accordance with the law. Make necessary assumptions.

- 30 From the following particulars of New Fire Insurance Co. Ltd. at the end of the Financial Year ended 31st March 2006. Prepare Fire Revenue Account, Profit and Loss Account and Balance Sheet.

	₹
Fire fund	12,40,000
Share capital	12,00,000
General reserve	6,00,000
Additional reserve	4,40,000
Investments	20,00,000
Profit and Loss A/c.	1,00,000
Premium	36,02,044
Reinsurance premium	1,50,000
Claimspaid	8,03,754

Claims recovered from reinsurance	28,158
Commission on reinsurance	64,022
Commission in direct business	3,99,554
Commission on reinsurance accepted	80,200
Outstanding premiums	29,730
Claims intimated but not paid 1-4-05	80,000
Expenses of management	5,75,930
Direct fees	48,000
Rent, Rates and taxes	97,738
Income from investment	2,00,000
Share transfer fees	4,000
Loans(Dr.)	40,000
Agents balance (Dr.)	7,60,000
Cash in hand and bank	22,43,284

- (i) Income tax to be provided Rs, 5,00,000
(ii) Transfer to General Reserve ₹ 2,00,000.
(iii) Proposed dividend 12 %.
(iv) Claims intimated but not paid as on 31st March 2006 ₹ 1,21,600.
- 31 Prepare a Balance Sheet of Mareena Products Ltd. as on 31st March 2007 which has an authorised capital ₹ 6,00,000 consisting 60,000 shares of ₹ 10 each.

	₹
Goodwill	25,000
Premises	3,70,000
Furniture (Opening)	7,200
Depreciation of the year	360
Stock	1,01,000
Sundry debtors	80,000
Machinery (opening)	3,00,000
Depreciation charged	30,000
Cash in hand	750
Cash at bank	39,900
14 % government securities	60,000
Preliminary expenses	2,500

Bills payable	38,000
Creditors	50,000
Provisions for taxation	25,000
18 % debentures	3,00,000
Interest on debenture due	9,000
Issued, subscribed and called up capital	4,60,000
Calls in arrears	7,500
General reserve	25,000
Addition to general reserve	10,000
Loan to Managing Director	2,650
Profit and Loss Account	49,140

(2 x 4 = 8 weightage)