

**THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2016**

(CCSS) Commerce

BC3B 04—CORPORATE ACCOUNTING

Time : Three Hours

Maximum : 30 Weightage



**Part A**

*This part consists of three bunches of questions carrying equal weightage of 1*

*Each bunch consist of four objective type questions.*

*Answer all questions.*

1. That part of the uncalled capital which is kept in reserve and will be called up only on winding up is called: (a) Uncalled Capital. (b) Unpaid Capital, (c) Unissued Capital. (d) Reserve Capital.
2. Dividend are usually paid on : (a) Authorised Capital. (b) Subscribed Capital. (c) Paid up Capital. (d) Called up Capital.
3. Debenture holders are the : (a) Creditors of the Co. (b) Owners of the Co. (c) Customers of the Co. (d) None of the above.
4. When preference shares are redeemed out of profit otherwise available for dividend, the sum equal to the nominal value of shares must be transferred to : (a) Reserve fund. (b) Sinking fund. (c) Capital redemption reserve. (d) Statutory fund.

**II. Fill up the blanks :**

5. Excess amount received over the face value of shares is known as\_\_\_\_\_.
6. Discount on issue of shares is shown on the\_\_\_\_\_of the balance sheet.
7. Purchase of Company's own share in the open market is called\_\_\_\_\_.
8. Pooling of interest method is used to account for amalgamation in the nature of\_\_\_\_\_

**III. Answer in one word :**

9. What is the value obtained by dividing net asset available to equity shareholders by the no. of equity shares ?
10. What is the name of the share issued by the Co. to employee at discount or consideration other than cash for providing know how ?
11. Profit which are legally available for shareholders is called :
12. Name the system of preparing two vouchers for every transaction not involving cash.

(12 x 1/4 = 3 weightage)

**Part B**

**Answer all questions. Each question carries a weightage of 1**

13. What is forfeiture of shares ?
14. What is calls in advance ?

15. What is meant by purchase consideration ?
16. What is internal reconstruction ?
17. What is non-banking assets ?
18. What is NPA?
19. What is TDS ?
20. What is Reinsurance ?
21. What do you mean by Annuity ?

(9x1 = 9 weightage)

### Part C

**Answer any five questions. Each question carries a weightage of 2.**

22. B Ltd. issued 5,000 equity shares of ₹ 100 each at a premium of Rs, 25 per share on 1st January 2012 the Company received 12,000 applications of which 2,000 applications were totally rejected and their amount refunded. Remaining applicants were allotted shares on pro rata basis. The amount of share is receivable as under :

On Application	₹ 30
On Allotment	₹ 45 (including premium)
On 1st Call	₹ 25
On Final Call	₹ 25
	₹ 125

Allotment money was received in full. When 1st Call was made all money received except on 25 shares. These shares were forfeited and reissued credited at ₹ 75 for ₹ 110 / share. When final call was made one share holder holding 100 share failed to pay the final call money. Pass Journal entries in the books of the Co.

23. Journalise the following transactions at the time of issue and redemption of debentures.

- (a) A debenture issued at ₹ 95 repayable at ₹ 100.
- (b) A debenture issued at ₹ 95 repayable at ₹ 105.
- (c) A debenture issued at ₹ 100 repayable at ₹ 105.
- (d) A debenture issued at ₹ 105 repayable at ₹ 100.

24. A Ltd. Co. has the following balances as on 31.3.2012 :—

10,000 Equity shares of ₹ 100 each, 5,000 preference shares of ₹ 100 each, Capital reserve ₹ 1,00,000. Security premium ₹ 1,00,000, General Reserve ₹ 2,00,000, P and L a/c ₹ 1,00,000, Current liabilities ₹ 1,00,000, Fixed Assets Rs, 22,00,000, Current Assets 8,00,000.

The preference shares are to be redeemed at 10% premium. Fresh issue of equity shares is to be made to the extent it is required after utilising the revenue profit. The short fall in funds for the redemption after utilising the proceeds of the fresh issue are to be met by taking a

bank loan. Show Journal entries.

25. From the following details calculate the amount of provision required to be made in the P and La/c of a bank for the year 2011-12 :

Assets	₹
Standard	
Sub-standard	1,60,000
Doubtful :	1,20,000
One year (secured)	
Two to three years	48,000
More than three years secured by mortgage of machinery 10,000	36,000
Non-recoverable assets	18,000
	30,000

26. Calculate the amount of claims for the year 2012 from the following :

Claims paid ₹ 6,40,000

Estimated liability in respect of outstanding claims :

On 31<sup>st</sup> March 2012 ₹ 90,000.

On 31<sup>st</sup> March 2011 ₹ 65,000.

Legal expenses incurred in connection with Claims ₹ 30,000.

Re-insurance recoveries ₹ 20,000.

27. As on 31<sup>st</sup> March 2012 the books of Ashok Bank Ltd. including among Others had the following balances :

Rebate on bills discounted 1.4.2011—₹ 32,000. Discount received—₹ 4,60,000.

Bills discounted and purchased — ₹ 31,54,700. Throughout 2011—12 the bank rate for discounting has been 18%. On investigation and analysis the average due date for the bill discounted and purchased is calculated as 15<sup>th</sup> May 2012, Calculate the amount to be credited to P and L a/c under discount' earned for the year 2011—12. Also show the journal entry to adjust the above-mentioned accounts.

28. The following are the figures extracted from the books of Asian Bank Ltd. as on 31.3.2012.

	₹
Interest and discount received	... 12,50,000
Interest paid on deposits	... 6,50,000
Commission, exchange and brokerage	... 2,40,000
Rent received	... 40,000

Profit on sale of investments	...	20,000
Loss on sale of investments	...	5,000
Salaries and allowances	...	3,60,000
fees and allowances	...	30,000
Rent and Taxes paid	...	24,000
Printing and Stationery	...	12,000
Postage and telegram	...	5,000
Other expenses	...	4,000
Audit fees	...	18,000
Balance of profit as on 1.4.2011	...	2,40,000

Other Information :

- Provide ₹ 15,000 for doubtful debts.
- Provide ₹ 60,000 for Taxation.
- Rebate on bills discounted as on 31.3.2011 ₹ 40,000.
- Provide for dividend ₹ 1,00,000.

(5 x 2 = 10 weightage)

#### Part D

Answer any two questions.

Each question carries a weightage of 4.

29. The following is the Trial Balance of X Ltd. as on 31st March 2012 :—

	₹		₹		
Stock 1.4.2011	...	75,000	Purchase returns	...	10,000
Purchases	...	2,45,000	Sales	...	3,40,000
Wages	...	30,000	Discount	...	3,000
Carriage	...	950	P and L A/c	...	15,000
Furniture	...	17,000	Share Capital	...	1,00,000
1.4.2011 Purchases			Creditors	...	17,500
Salaries	...	7,500	General Reserve	...	15,500
Rent	...	4,000	Bills Payable	...	7,000
Trade Expenses	...	7,050			
Interim Dividend	...	9,000			
Debtors	...	27,500			
Plant and Machinery	...	29,000			

Cash at Bank	...	46,200	
Patents	...	4,800	
Bills Receivable	...	5,000	
		<u>5,08,000</u>	<u>5,08,000</u>

Prepare the P and L a/c for the year ended 31st March 2012 and a Balance Sheet as on that date after considering the following adjustments :

- Stock as on 31st March 2012—₹ 88,000.
  - Provision for income tax at 50%.
  - Depreciate Plant and machinery at 15%, Furniture at 10% and patents at 5%.
  - On 31st March 2012 outstanding rent amounted to ₹ 800 and Salaries ₹ 900.
  - The Board recommended a final dividend @ 15%. Transfer the minimum required amount to general reserve.
  - Provide ₹ 510 for doubtful debts.
  - Provide for CDT @ 17%.
  - Provide for managerial remuneration at 10% on profit before tax and provision for doubtful debts.
30. The following Trial Balance was extracted from the books of the Life Insurance Corporation as on 31st March 2012 :—

	Dr. ₹ '000'	Cr. ₹'000'
"Paid up share capital (1,00,00,000 shares of ₹ 10 each)	—	1,00,000
Life Assurance Fund on 1.4.2011	—	29,72,300
Bonus to Policy holders	31,500	—
Premium received	—	1,61,500
Claims paid	1,97,000	—
Commission paid	9,300	—
Management Expenses	32,300	—
Mortgages in India	4,92,200	—
Interest and dividends received	—	1,12,700
Agents Balance	9,300	—
Freehold premises	40,000	—
Investments	23,05,000	—

Loans on Co's Policies	...	1,73,600	—
Cash on Deposits	...	27,000	—
Cash in hand and Current a/c	...	7,300	—
Surrenders	..	7,000	—
Dividend Paid	...	15,000	—
		<u>33,46,500</u>	<u>33,46,500</u>

You are required to prepare the Revenue a/c for the year as on 31.3.2012 and the Balance Sheet as on that date after taking the following matter into consideration :

- (a) Claims admitted but not paid ₹ 90,00,000
- (b) Management expenses due ₹ 2,00,000
- (c) Interest accrued ₹ 1,93,00,000
- (d) Premium outstanding ₹ 1,00,00,000
- (e) Bonus utilised in reduction of premium ₹ 20,00,000
- (f) Claims covered under re-insurance ₹ 23,00,000

31. The following is the Balance Sheet of A Ltd. as on 31.3.2012 :—

Liabilities	₹	Assets	₹
Share Capital:		Goodwill	20,000
Authorised Capital		Lease hold premises	1,07,000
50,000 preference		Plant and machinery	60,000
shares of ₹ 10 each	5,00,000	Patents	1,73,900
50,000 Eq. shares of ₹10 each	5,00,000		
	<u>10,00,000</u>		
Issued and paid up 25,000		Stock	34,000
Preference share of		Debtors	56,000
₹ 10 each		Cash	100
25,000 Equity shares	2,50,000	Preliminary expenses	2,000
of ₹ 10 each ....	2,50,000	Profit and Loss a/c	1,23,000
Sundry creditors ...	40,000		
Bank overdraft	36,000		
	<u>5,76,000</u>		<u>5,76,000</u>

The Co. proved unsuccessful and the following scheme of reconstruction by reduction of capital is approved. .



- (a) That the preference shares be reduced to an equal number of fully paid shares of ₹ 5 each.
- (b) That the Equity shares be reduced to an equal number of fully paid shares of ₹ 2.5 each,
- (c) That the amount so available be utilised towards wiping out losses and reduction of assets as follows :

Preliminary Expenses, Goodwill and P and L a/c to be written-off entirely. ₹ 27,000 to be written-off Lease hold premises ₹ 14,000 to be written-off stock, ₹ 6,000 to be provided for doubtful debts, 20% should be written-off plant and machinery and the balance be written-off patents.

Make journal entries in the books of the company and prepare the Balance Sheet giving effect to the above.

(2 x 4 = 8 weightage)