

**THIRD SEMESTER B.COM. DEGREE EXAMINATION**  
**NOVEMBER 2013**  
 (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.

- I. 1. Share application is a:  
 (a) Real a/c (b) Nominal a/c  
 (c) Impersonal a/c (d) Personal a/c
2. Reserve which is not disclosed by the balance sheet is called:  
 (a) Capital Reserve (b) Specific Reserve  
 (c) Secret Reserve (d) General Reserve
3. Rebate on bills discounted is:  
 (a) An earned income (b) An item of income  
 (c) A liability (d) Income received in advance
4. Accounting statement for Amalgamation is:  
 (a) AS 8 (b) AS 20  
 (c) AS 14 (d) AS 3 (1 weightage)

II. Fill up the blanks.

5. Allotment of shares made of a pre-determined price to the pre-identified people having strategic stake in the company is called .....
6. Provision for Taxation is debited to .....account.
7. The Life Insurance Revenue account does not disclose the ..... of the business.
8. In the case of banking companies assets which do not carry more than the normal risk attached to the business is called .....

III. Answer in one word.

9. What is the excess amount received over the face value of shares?
10. Minimum amount of capital fixed by the directors to be raised from the members by way of subscription is known as:
11. Company's debenture purchased by the Co: itself for investment is called:
12. What is the value obtained by dividing net asset available to equity shareholders by the no. of equity shares?  
 (12 x 1/4 = 3 weightage)

**Part B**

Answer all questions

Each question carries a weightage of 1.

13. What do you mean by I.P.O?  
 14. What is Reserve Capital?  
 15. What do you mean by dividend?

16. What is statutory reserve?  
 17. What re non-banking assets?  
 18. What is Life assurance fund?  
 19. Explain loss assets.  
 20. Explain Double Insurance.  
 21. What do you mean by contingent liability?

(9x1=9 weightage)

**Part C**

Answer any five questions.

Each question carries a weightage of 2.

22. X Ltd. issued a prospectus offering 10,000 equity shares of Rs.20 each at Rs.22 per share payable as follows:  
 On application Rs. 4  
 On Allotment Rs. 5 (including premium)  
 On 1st call Rs. 6  
 On Final call Rs. 7  
 Rs.22

On first call being made all the shareholders except one holding 300 shares duly paid the amounts. These 300 shares were forfeited. Subsequently 200 of these shares were reissued (credited as Rs. 13 paid) for Rs. 10 per share and the amount due being duly received show the entries in the Journal and Cash Book.

23. Journalise the following in the books of A Ltd.

- (a) Issued 1,000 9% Debentures of Rs. 100 each repayable at par.  
 (b) Issued 1,000 9% Debentures of Rs. 100 each at Rs.95 repayable at par.  
 (c) Issued 1,000 9% Debentures of Rs. 100 each at Rs. 110 repayable at par.  
 (d) Issued 1,000 9% Debentures of Rs. 100 each at Rs.95 repayable at Rs.110.

24. X Ltd. has a part of its share capital in 1,000 Redeemable preference shares of Rs. 100 each. The shares have now become due for redemption. The Co. had a reserve fund of Rs.75,000. Rs. 5,000 out of which has been decided to be utilised in connection with to redemption. The balance being met out of fresh issue of sufficient number of equity shares of Rs. 20 each fully paid. You are requested to give journal entries to record the above transactions.

25. The following is the Balance Sheet of Weak Co. Ltd. as on 31.12.2012.

Liabilities	Rs.	Assets	Rs.
100000 Equity shares of Rs.10 each	1000000	Land	100000
Sundry Creditors	173000	Plant & Machinery	230000
		Furniture	68000
		Stock	150000
		Debtors	70000
		Cash	5000
		P & LAc	550000
	<b>1173000</b>		<b>1173000</b>



The approval of the court was obtained for the following scheme internal reconstruction:

- The equity shares to be reduced to Rs. 4 per share.
- Plant and Machinery to be written down to Rs. 150000
- Stock to be revalued at Rs. 140000
- The Provision for doubtful debts to be created Rs. 2000.
- Land to be revalued at Rs. 142000.

Pass Journal entries to give effect to the above arrangements.

26. Calculate rebate on bills discounted as on 31st March 2012, from the following data and show journal entries:

Date of Bill	Amount Rs.	Period	Date of Discount
1. 10.1.2012	25000	5 months	8%
2. 5.2.2012	15000	4 months	7%
3. 20.2.2012	20000	4 months	7%
4. 15.3.2012	30000	3 months	9%

27. A Life Insurance Company gets its valuation made once in every two years. Its Life Assurance Fund on 31st December 2012 amounted to Rs. 80,00,000 before providing Rs. 80,000 for the shareholders dividend for the year 2012. Its actuarial valuation done on 31st December 2012 disclosed a net liability of Rs. 76,00,000 under assurance annuity contracts, on interim bonus of Rs. 1,00,000 was paid to the policy holder, during the two years ending 31st December 2012.

Prepare a statement showing the amount now available as bonus to policy holders.

28. Pass the necessary journal entries:

- A claim of Rs. 2,00,000 was intimated and admitted but not paid during the year.
- A claim of Rs. 40,000 outstanding in the books for 5 years written back.
- Premium of Rs. 10,00,000 is payable under reinsurance.
- Reinsurance recoveries Rs. 3,00,000.
- Bonus utilised in reduction of premium Rs. 80,000
- Agent's commission to be paid Rs. 7,000.

(5 x 2 = 10 weightage)

#### Part D

Answer any two questions.

Each question carries a weightage of 4

- The following are the Ledger Balances of X Ltd. as on 31st March 2012:

Debit		Credit	
Buildings	3072000	Equity capital	4000000
Plant	3300000	12% Debenture	3000000
Stock	750000	P and L A/c	282500
Debtors	870000	Bills payable	370000
Goodwill	250000	Creditors	400000

Bank Balance	406500	Sales	4100000
Calls in Arrear	75000	General Reserve	250000
Interim Dividend	392500	Bad debts provision	35000
Purchases	1850000		
Preliminary Expenses	50000		
Wages	979800		
Salaries	202250		
Office Expenses	68350		
Bad debts	21100		
Debenture interest	130000		
	<b>12467500</b>		<b>12467500</b>

Additional Information:

- Closing stock Rs. 950000.
  - Depreciate plant by 15%
  - Write off preliminary expenses Rs. 5,000.
  - Provide for half year's debenture interest.
  - Maintain a provision for doubtful debts at 5%
  - Provide for Taxation Rs. 1,80,000
30. From the following information prepare a Profit and Loss Account of the Thrifty Bank for the year ended 31st March 2012:

	Rs. '000'
Interest on Loans	518
Interest on cash credit	446
Discount on bills discounted	390
Interest on overdraft	108
Interest on Saving bank deposits	220
Interest on Fixed Deposits	554
Commission Exchange and Brokerage	16.4
Rent, Taxes and Lighting	36
Auditor's Fees	2.4
Postage and Telephones	2.8
Sundry charges	2
Advertisement	1.4
Director's fees	6
Printing and Stationery	0.4
Law charges	1.4
Payment to Employees	108
Lockers Rent	0.7
Transfer fees	1.4
Depreciation on Bank's property	10

Other information : Rebate on bills discounted Rs. 98,000 and provide for doubtful debts Rs. 58,000.

31. A Ltd. acquired the undertaking of B Ltd. on 31.3.2012 for a purchase consideration of Rs. 250000 to be paid by fully paid equity shares of Rs. 10 each. The Balance Sheet of the two companies on the date of acquisition were as follows:

	A Ltd.	B Ltd.		A Ltd.	B Ltd.
	Rs.	Rs.		Rs.	Rs.
Share capital : Equity			Land & Buildings	120000	80000
shares of Rs.10 each			Plant & Machinery	200000	180000
fully paid up	250000	150000	Furniture &		
General Reserve	120000	18000	Fixtures	10000	20000
Profit and Loss a/c	10000	53000	Stock	55000	40000
Development			Debtors	45000	40000
Rebate Reserve	10000	37000	Bank Balance	20000	17000
Workmen's					
Compensation					
Fund	15000	24000			
Current Liabilities	<u>45000</u>	<u>95000</u>			
	450000	377000		450000	377000

Pass necessary journal entries in the books of A Ltd. when the amalgamation is in the nature of merger. Also prepare the Balance Sheet of A Ltd. assuming the Development Rebate Reserve and Workmen's Compensation Fund of B are required to be continued in the books of A Ltd.

(2 x 4 = 8 weightage)