

**THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2013**

(U.G.-CCSS)

Commerce—Core Course

BC 3B 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 consists 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 standard 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 \_\_\_\_\_.

(1 weightage)

Turn over

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 ?

(1 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 are 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 ?

(9 × 1 = 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 first call	Rs. 6
On final call	Rs. 7
	<hr/>
	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.

- Issued 1,000 9% Debentures of Rs. 100 each repayable at par.
- Issued 1,000 9% Debentures of Rs. 100 each at Rs. 95 repayable at par.
- Issued 1,000 9% Debentures of Rs. 100 each at Rs. 110 each repayable at par.
- 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 :

<i>Liabilities</i>		<i>Rs.</i>	<i>Assets</i>		<i>Rs.</i>
1,00,000 Equity Shares			Land	...	1,00,000
of Rs. 10 each	...	10,00,000	Plant and Machinery	...	2,30,000
Sundry Creditors	...	1,73,000	Furniture	...	68,000
			Stock	...	1,50,000
			Debtors	...	70,000
			Cash	...	5,000
			P and L A/c	...	5,50,000
		<u>11,73,000</u>			<u>11,73,000</u>

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. 1,50,000.
- Stock to be revalued at Rs. 1,40,000.
- The Provision for doubtful debts to be created Rs. 2,000.
- Land to be revalued at Rs. 1,42,000.

Pass Journal entries to give effect to the above arrangements.

Turn over

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

	<i>Date of Bill</i>	<i>Amount</i> Rs.	<i>Period</i>	<i>Date of Discount</i>
1.	10.1.2012	25,000	5 months	8%
2.	5.2.2012	15,000	4 months	7%
3.	20.2.2012	20,000	4 months	7%
4.	15.3.2012	30,000	3 months	9%

27. A Life Insurance Company gets its valuation made once in every two years. Its Life Assurance Fund on 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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. 1,00,000 is payable under reinsurance.
- Reinsurance recoveries Rs. 3,00,000.
- Bonus utilised in reduction of premium Rs. 80,000.
- Agents' commission to be paid Rs. 7,000.

(5 × 2 = 10 weightage)

### Part D

Answer any two questions.

Each question carries a weightage of 4.

29. The following are the Ledger Balances of X Ltd. as on 31<sup>st</sup> March 2012 :

<i>Debit</i>		<i>Rs.</i>	<i>Credit</i>		<i>Rs.</i>
Buildings	...	30,72,000	Equity Capital	...	40,00,000
Plant	...	33,00,000	12% Debenture	...	30,00,000
Stock	...	7,50,000	P and L A/c	...	2,62,500
Debtors	...	8,70,000	Bills payable	...	3,70,000

<i>Debit</i>	Rs.	<i>Credit</i>	Rs.
Goodwill ...	2,50,000	Creditors ...	4,00,000
Bank Balance ...	4,06,500	Sales ...	41,50,000
Calls in Arrear ...	75,000	General Reserve ...	2,50,000
Interim Dividend ...	3,92,500	Bad debts provision ...	35,000
Purchases ...	18,50,000		
Preliminary Expenses ...	50,000		
Wages ...	9,79,800		
Salaries ...	2,02,250		
Office Expenses ...	68,350		
Bad debts ...	21,100		
Debenture interest ...	1,80,000		
	<u>1,24,67,500</u>		<u>1,24,67,500</u>

**Additional Information :**

- (a) Closing stock Rs. 9,50,000.
- (b) Depreciate plant by 15%.
- (c) Write off preliminary expenses Rs. 5,000.
- (d) Provide for half year's debenture interest.
- (e) Maintain a provision for doubtful debts at 5%.
- (f) Provide for Taxation Rs. 1,80,000.

Prepare Final accounts.

30. From the following information prepare the Profit and Loss Account of the Thrifty Bank for the year ended 31<sup>st</sup> March 2012 :

	Rs. '000'
Interest on Loans ...	518
Interest on Cash Credits ...	446
Discount on bills discounted ...	390
Interest on overdraft ...	108
Interest on Savings bank deposits ...	220
Interest on Fixed deposits ...	554
Commission Exchange and Brokerage ...	16.4
Rent, Taxes and Lighting ...	36
Auditors' fees ...	2.4
Postage and Telephones ...	2.8

Turn over

	Rs. '000'
Sundry charges	2
Advertisement	1.4
Directors' 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. 2,50,000 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. Rs.	B Ltd. Rs.		A Ltd. Rs.	B Ltd. Rs.
<b>Share Capital : Equity</b>			<b>Land and Buildings</b>	... 1,20,000	80,000
<b>shares of Rs. 10 each</b>			<b>Plant and Machinery</b>	... 2,00,000	1,80,000
<b>fully paid up</b>	... 2,50,000	1,50,000	<b>Furniture and Fixtures</b>	... 10,000	20,000
<b>General Reserve</b>	... 1,20,000	18,000	<b>Stock</b>	... 55,000	40,000
<b>Profit and Loss A/c</b>	... 10,000	53,000	<b>Debtors</b>	... 45,000	40,000
<b>Development Rebate</b>			<b>Bank Balance</b>	... 20,000	17,000
<b>Reserve</b>	... 10,000	37,000			
<b>Workmens'</b>					
<b>Compensation Fund</b>	... 15,000	24,000			
<b>Current Liabilities</b>	... 45,000	95,000			
	<u>4,50,000</u>	<u>3,77,000</u>		<u>4,50,000</u>	<u>3,77,000</u>

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 × 4 = 8 weightage)