

D 9852

(Pages : 5)

Name.....

Reg. No.....

THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2010

(CCSS)

Core 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.

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 × ¼ = 3 weightage)

Turn over

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 Rs. 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	—	Rs. 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 × 1 = 9 weightage)

III. Answer any 5 questions from 7.

- 22 X LTD offered for public subscription 10,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share payable Rs. 4 on application, Rs. 4 (including premium) on allotment and balance in two equal instalments of Rs. 2 each. The issue was fully subscribed. All the money was duly received. Pass journal entries.
- 23 Y LTD issued 500 equity shares of Rs. 10 to 'P', payable Rs. 3 on application, Rs. 3 on allotment, Rs. 2 on first call and Rs. 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 Rs. 95 repayable at Rs. 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 :—

	Rs.
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 × 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 :—

	Rs.
Interest and discount received ...	18,47,869
Interest paid on deposits ...	10,16,226
Commission exchange and brokerage ...	1,00,000
Rent received ...	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 Rs. 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 Rs. 75,000 was found necessary by the auditors.
- Rebate on bills discounted as on 31st March 2004 Rs. 6,000. Rebate on bill discounted as on 31st March 2005 Rs. 8,000.
- Provide Rs. 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.

Turn over

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.

	Rs.
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
Claims paid	... 8,03,754
Claims recovered from reinsurance	... 28,158
Commission on reinsurance	... 64,022
Commission on 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 Rs. 2,00,000.
- (iii) Proposed dividend 12 %.
- (iv) Claims intimated but not paid as on 31st March 2006 Rs. 1,21,600.

- 31 Prepare a Balance Sheet of Mareena Products Ltd. as on 31st March 2007 which has an authorised capital Rs. 6,00,000 consisting 60,000 shares of Rs. 10 each.

	Rs.
Goodwill	
Premises	... 25,000
Furniture (Opening)	... 3,70,000
Depreciation of the year	... 7,200
Stock	... 360
Sundry debtors	... 1,01,000
Machinery (opening)	... 80,000
Depreciation charged	... 3,00,000
Cash in hand	... 30,000
Cash at bank	... 750
14 % government securities	... 39,900
Preliminary expenses	... 60,000
Bills payable	... 2,500
Creditors	... 38,000
Provisions for taxation	... 50,000
18 % debentures	... 25,000
Interest on debenture due	... 3,00,000
Issued, subscribed and called up capital	... 9,000
Calls in arrears	... 4,60,000
General reserve	... 7,500
Addition to general reserve	... 25,000
Loan to Managing Director	... 10,000
Profit and Loss Account	... 2,650
	... 49,140

(2 × 4 = 8 weightage)