

D 21495

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Name.....

Reg. No.....

THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2011

(C.C.S.S.)

B.Com.—Core Course

BC 3B 04—CORPORATE ACCOUNTING

Time : Three Hours

Maximum Weightage : 30

Objective Type Questions

Answer all questions.

Each question carries 1 weightage.

I. Fill in the blanks :

- 1 When debentures are redeemed from out of profits an equal amount is transferred to \_\_\_\_\_ account.
- 2 Dividend declared between two annual general meetings is called the \_\_\_\_\_.
- 3 Bill for collection will appear on \_\_\_\_\_ of the banks Balance Sheet.
- 4 All insurances other than life are regarded as \_\_\_\_\_.

Choose the correct answer :

- 5 Shares can be forfeited :
  - (a) For non-payment of call money.
  - (b) For failure to attend the meeting.
  - (c) For failure to repay the loan.
- 6 Any balance in the capital reduction amount after writing off lost capital is transferred to :
  - (a) Capital reserve.
  - (b) General reserve.
  - (c) Debenture redemption reserve.
- 7 Bank prepare the accounts for :
  - (a) The calender year.
  - (b) The financial year.
  - (c) The Diwali year.
- 8 Reinsurance occurs when :
  - (a) Insuring the same subject matter with another insurer by the insurer.
  - (b) Insuring the same subject-matter with two or more insures by the insured.
  - (c) None.

Turn over

Match the following :—

- 9 Dockets
- 10 Amalgamation
- 11 Unsecured loans
- 12 Share

- (a) Single new company.
- (b) Unit of a share capital.
- (c) Capital raised by a company.
- (d) No security.
- (e) Posting.

(12 × ¼ = 3 weightage)

II. Short Answer Type Questions. Answer *all* the nine questions :

- 13 What is Reinsurance ?
- 14 Give *two* examples of General Insurance.
- 15 What is reserve capital ?
- 16 Give journal entries in the books of the company when premium amount is collected along with application money.
- 17 A Ltd. purchased machinery worth Rs. 3,30,000 from Modern Traders. It was agreed that the purchase consideration be paid by issuing 15 % debentures of Rs. 100 each at a premium of 10 % in full settlement of the claim. Give Journal entries in the books of A Ltd.
- 18 What is alteration of capital ?
- 19 What is Net Payment Method ?
- 20 On 31st March 2006 a bill of Rs. 10 lakhs is discounted with a bank at 18 % p.a. The due date of the bill is 30th April 2006. Pass Journal entry.
- 21 Give journal entry for outstanding claims at the beginning payable at the insurance company.

(9 × 1 = 9 weightage)

III. Short Essay or Paragraph Questions. Answer any *five* questions :

- 22 Z Ltd. Company whose authorised capital is Rs. 4,00,000 of Rs. 100 each issued 3,000 equity shares of Rs. 100 each, payable Rs. 20 on application, Rs. 40 on allotment and Rs. 40 on first and final call. A shareholder having 100 shares failed to pay the call money. Pass necessary journal entries.
- 23 The Directors of B Ltd. forfeited 100 shares of Rs. 10 each fully called for non-payment of the final call Rs. 4 per share. The shares were re-issued as fully paid at Rs. 8 per share. Give journal entries.
- 24 On 1st January 2006, W Ltd. issued 30,000 15 % debentures of Rs. 10 each at a discount of 5 % redeemable on 31-12-2009 at a premium of 7 %. Write journal entries in the books of the company on issue and redemption of debentures.
- 25 Z Ltd. had Rs. 2,00,000 authorised capital divided into 20,000 shares of Rs. 10 each. All these shares were issued and were paid to the extent of Rs. 7 per share. The company decided in 2006 to pay-off Rs. 2 per share and to reduce the Rs. 10 share to Rs. 5 share fully paid up by cancelling unpaid amount. There was Rs. 50,000 balance in Profit and Loss Account (Cr.) Pass entries in the books of the company.
- 26 What are the different methods of computing purchase consideration ?
- 27 Explain Non-performing Assets.

28 Find the amount of premium to be credited to Revenue account from the following :—

	Rs.
Premium received 2007–2008	... 42,00,000
Advance 1-4-2007	... 1,80,000
Advance 31-3-2008	... 1,00,000
Outstanding 31-3-2008	... 2,00,000
Bonus in reduction of premium to be adjusted	... 30,000

(5 × 2 = 10 weightage)

IV. Essay Questions. Answer any two questions :

29 The following Trial Balance was extracted from the books of the LIC as on 31st March 2008 :—

<i>Particulars</i>	<i>Debit</i> Rs. 000'	<i>Credit</i> Rs. 000'
Paid up share capital 2,00,00,000 shares of Rs. 10 each ...		2,00,000
Life Assurance fund 1-4-2007	—	59,44,600
Bonus to policyholders	63,000	—
Premiums received	—	3,23,000
Claims paid	3,94,000	—
Commission paid	18,600	—
Management expenses	64,600	—
Mortgage in India	9,84,400	—
Interest and dividend received	—	2,25,400
Agent, Balances	18,600	—
Freehold premises	80,000	—
Investments	46,10,000	—
Loans on companies policies	3,47,000	—
Cash on deposits	54,000	—
Cash in hand	14,600	—
Surrenders	14,000	—
Dividend paid	30,000	—
	<u>66,93,000</u>	<u>66,93,000</u>

Prepare the Corporation's Revenue Account for the year as on 31st March 2008 and its Balance Sheet as on that date after taking the following matters into consideration

- (a) Claims admitted but not paid Rs. 1,80,00,000.
- (b) Management expenses due Rs. 4,00,000.
- (c) Interest accrued Rs. 3,86,00,000.
- (d) Premium outstanding Rs. 2,00,00,000.
- (e) Bonus utilised in reduction of premium Rs. 40,00,000.
- (f) Claims covered under reinsurance Rs. 46,00,000.

Turn over

30 From the following information, prepare the Profit and Loss Account of ABC Bank Ltd. for the year ended 31st March 2004 :—

	Rs.
Interest on loans	... 2,59,000
Interest on fixed deposits	... 2,75,000
Rebate on bills discount required	... 49,000
Commission	... 8,200
Establishments	... 54,000
Discount on bills discounted (net)	... 1,95,000
Interest on cash credit	... 2,23,000
Interest on Current Account	... 42,000
Rent and Taxes	... 18,000
Interest on overdrafts	... 1,54,000
Directors fees	... 3,000
Auditors fees	... 1,200
Interest on SB Deposits	... 68,000
Postage and Telegrams	... 1,400
Printing and Stationery	... 2,900
Sundry charges	... 1,700

Bad debts to be written off amounted to Rs. 40,000. Provision for taxation may be made at 55 %. Balance of profit from last year was Rs. 1,20,000. The director's have recommended a dividend of Rs. 20,000 for the shareholders.

31 From the following Trial Balance and additional information provided, prepare final account of SJK Co. Ltd. for the year ending 31st March 2009 :

	Dr. Rs.	Cr. Rs.
Capital 30,000 equity shares of Rs. 10 each fully paid	... 3,00,000	
Stock 1-4-2008	... 2,25,000	
Purchases and Sales	... 7,35,000	10,50,000
Productive wages	... 1,50,000	
Discount	... 21,000	15,000
Salaries	... 22,500	
Rent	... 14,850	
General expenses	... 51,150	
Profit and Loss Account 1-4-2008	...	45,000
Dividend paid for last year	...	
Debtors and creditors	... 27,000	
Plant and Machinery	... 1,12,500	52,500
Cash at Bank	... 87,000	
Reserve	... 48,600	
Loan to Managing Director	...	46,500
Bad debts	... 9,750	
	... 4,650	
	<u>15,09,000</u>	<u>15,09,000</u>

*Additional information :*

- (a) Stock on 31st March 2009 Rs. 2,46,000.
- (b) Depreciate machinery at 10 % p.a.
- (c) Reserve 5 % on debtors for doubtful debts.
- (d) Provide 2 % for discount on creditors.
- (e) One month rent Rs. 1,350 per mensem was due on 31st March 2009.
- (f) Six months insurance was unexpired at Rs. 2,250 per annum.
- (g) Provide Rs. 13,668 for income-tax.
- (h) The Board recommends a dividend at 20 % per annum.
- (i) Make provision for corporate dividend tax at 10 %.
- (j) Transfer to general reserve the minimum amount required by law.

(2 × 4 = 8 weightage)

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