

THIRD SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, NOVEMBER 2017

(CUCBCSS-UG)

Core Course

BCM 3B 03—CORPORATE ACCOUNTING

(2014 and 2015 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

I. 1 The difference between subscribed capital and called up-capital is known as _____.

- (a) Calls in advance. (b) Paid up -capital.
(c) Uncalled capital. (d) Calls in advance.

2 The excess price received over par value of shares should be credited to _____.

- (a) Reserve capital. (b) Calls in advance.
(c) Security premium. (d) None of these.

3 Capital reduction account is used _____.

- (a) To write off losses. (b) To transfer to capital reserve.
(c) To issue bonus shares. (d) None of these.

4 In a bank balance sheet unclaimed dividend will come under _____.

- (a) Other assets. (b) Borrowings.
(c) Other liabilities and provisions. (d) Advances.

5 In the case of marine insurance reserve for unexpired risk is _____.

- (a) 50 %. (b) 100 %.
(c) 40 %. (d) None of these.

II. 6 Profit on re issue of forfeited shares is transferred to _____.

7 Dividend is paid on _____ capital.

8 The basis for recording bank transactions are the _____ prepared by customers and bank staff.

Turn over

- 9 In life insurance, claims may arise on death or _____.
- 10 Profit prior to incorporation is a _____ profit.

(10 × 1 = 10 marks)

Part B

- 11 What is meant by forfeiture of shares ?
- 12 What do you mean by right issue of shares ?
- 13 What is profit prior to incorporation ?
- 14 What is NPA ?
- 15 What is re- insurance ?
- 16 What is net payment method ?
- 17 What is whole life policy ?
- 18 What is Government Company ?
- 19 What do you mean by Money at call and short notice ?
- 20 What do you mean by Ex-interest and Cum-Interest ?

(8 × 2 = 16 marks)

Part C

- 21 What is share premium ? What are the purposes for which it can be used ?
- 22 What is bonus share ? What are the sources out of which bonus shares can be issued ?
- 23 State the difference between amalgamation in the nature of merger and amalgamation in the nature of purchase.
- 24 Give schedule of advance of a banking company using imaginary figures.
- 25 Pass the necessary journal entries in the books of the company in the following cases in connection with issue of debentures :
- 35,000, 8 % debentures of Rs. 100 each have been issued at par and are redeemable at par.
 - 45,000, 10 % debentures of Rs. 100 each have been issued at par and are redeemable at 5 % premium.
 - 30,000, 11 % debentures of Rs. 100 each have been issued at 5 % discount and are redeemable at par.
 - 25,000, 12 % debentures of Rs. 100 each have been issued at 5 % discount and are redeemable at 4% premium.
- 26 On 31st March 2016, the life assurance fund of Janatha Insurance company stood at Rs. 2,97,20,000. its net liability as per actual valuation as on that date was 1,76,00,000. A dividend of Rs. 16,00,000 was payable to the share holders for the year 2015–16. But an interim bonus of Rs. 9,00,000 was paid to the policy holders during the two year period ending 31st March 2016. Prepare statement showing the amount now available as bonus to the policy holders.

27 A company issued 1,00,000 shares of Rs. 10 each, payable as Rs. 1 on application, Rs. 2 on allotment, Rs. 3 on 1st call and Rs. 4 on final call. All the money has been received with the following exceptions :

- A, holding 1000 shares, has not paid the money due on allotment and calls.
- B, holding 500 shares has not paid the money due on 1st and final calls.
- C, holding 300 shares, has not paid the final call.

Therefore, these shares were forfeited and were subsequently re-issued at discount of 5 %. Pass journal entries recording the forfeiture and re-issue of forfeited shares.

28 XY Ltd. had a balance of Rs. 40,000 in the P/L A/c for the year ended 31/3/15. During the year 2015-16 it made a further profit of Rs. 3,10,000 before providing taxation. It was decided that the following decisions carried out :

- (a) Provision for taxation Rs. 1,50,000.
- (b) Dividend equalisation reserve Rs. 25,000.
- (c) Dividend on 8 % preference shares of Rs. 2,00,000.
- (d) Dividend at 15% on 30,000 equity shares of Rs. 10 each fully paid.
- (e) Transfer to General Reserve Rs. 35,000.
- (f) Transfer to development rebate reserve Rs. 35,000.

Prepare P/L appropriation account.

(6 × 4 = 24 marks)

Part D

29 From the following information prepare profit and loss account of modern bank for the year ended on 31-3-2016 :

	Rs. ("000)
Interest on loans	2,590
Interest on Fixed deposits	3,170
Rebate on bills discounted	490
Commission	82
Payment to employees	540
Discount on bills discounted	1,060
Interest on cash credits	2,230
Rent, Tax and lighting	180
Interest on overdrafts	1,540
Director's fee, allowances and expenses	30
Auditors fee and expenses	12
Interest on savings bank deposits	680
Postage, telegrams and telephones	14
Printing and stationery	29
Sundry charges	17

Turn over

Additional information :

- (i) Provided for contingencies Rs. 2,00,000.
- (ii) Transfer Rs. 15,57,000 to reserves.
- (iii) Transfer Rs. 2,00,000 to Central Government.

30 National company Ltd. issued prospectus inviting applications for 20,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows :

On application Rs 3 ; On allotment Rs 5 (Including premium); On first call Rs 2 ; On second call Rs. 2.

Applications were received for 30,000 shares and allotment made pro-rata to the applicants of 24,000 shares. Money overpaid on application was employed on account of sums due on allotment.

Mr. Raju, to whom 400 shares were allotted, failed to pay the allotment money; and on his subsequent failure to pay the first call, his shares were forfeited. Mr. Muhammed, the holder of 600 shares, failed to pay both calls and his shares were forfeited after the second call.

Of the shares forfeited, 800 shares were issued to Mr. Kiran, credited as fully paid, for Rs 9 per shares, the whole of Mr. Raju's shares being included.

Pass the necessary journal entries to give effect to the above and prepare Bank account and forfeited shares account.

31 X Ltd. acquired the undertaking of Y Ltd. On 31-3-2016 for a purchase consideration of Rs. 2,50,00,000 to be paid by fully paid equity shares of Rs. 10 each. Equity and liabilities and assets of the two companies on the date of acquisition were as follows :

	X Ltd.	Y Ltd.		X Ltd.	Y Ltd.
Share capital :			Fixed Assets :		
Equity shares of 10 each fully paid up	2,50,00,000	1,50,00,000	Land and Buildings	1,20,00,000	80,00,000
Reserves and Surplus :			Plant and machinery	2,00,00,000	1,80,00,000
General Reserve	1,20,00,000	18,00,000	Furniture and Fixtures	10,00,000	20,00,000
Surplus A/c	10,00,000	53,00,000	Current Assets :		
Development Rebate Reserve	10,00,000	37,00,000	Stock	55,00,000	40,00,000
Workers' compensation Fund	15,00,000	24,00,000	Debtors	45,00,000	40,00,000
Current liabilities	45,00,000	95,00,000	Bank balance	20,00,000	17,00,000
	4,50,00,000	3,77,00,000		4,50,00,000	3,77,00,000

Pass the necessary journal entries in the books of X Ltd. when the amalgamation is in the nature of purchase, also prepare the balance sheet of X Ltd. after amalgamation assuming that development Rebate Reserve and workers' Compensation fund of Y Ltd. are required to be continued in the books of X Ltd.

(2 × 15 = 30 marks)