

THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2016

(CUCBCSS—UG)

Core Course

BCM 3B 04—CORPORATE ACCOUNTING

Time : Three Hours

Maximum : 80 Marks

Part A

*Answer all questions.
Each question carries 1 mark.*

I. Choose the correct answer :

- 1 Shareholders are the _____ of a company.
(a) Members. (b) Owners.
(c) Creditors. (d) None of the above.
- 2 As per section _____ of the Companies Act, a company cannot allot shares to the public unless the minimum subscription has been subscribed.
(a) Section 39 (1). (b) Section 40.
(c) Section 41. (d) Section 42.
- 3 Capital redemption reserve is used for _____.
(a) For writing off capital losses.
(b) For issuing partly paid bonus shares.
(c) For issuing fully paid bonus shares.
(d) None of the above.
- 4 When two or more companies are liquidated and form a new company, it is called _____.
(a) Absorption. (b) Reconstruction.
(c) Amalgamation. (d) None of the above.
- 5 Which is the government agency constituted for monitoring the insurance sector in India ?
(a) RBI. (b) IRDA.
(c) SEBI. (d) None of the above.

II. Fill in the blanks :

- 6 Share application account is a _____ account.
- 7 Dividend declared in between two annual general meetings are called _____.
- 8 _____ reconstruction means reduction of share capital of a company which is to be reconstructed.

Turn over

- 9 SCHEDULE ——— shows the amount of interest expended during a period by banking companies.
- 10 SCHEDULE 3 is the format of schedule which is to be used for recording the ——— in insurance companies.

(10 × 1 = 10 marks)

Part B (Short Answer Questions)

*Answer any eight questions.
Each question carries 2 marks.*

11. What is an unlimited company ?
12. What do you mean by authorized capital ?
13. Write a short note on over subscription.
14. What is a chartered company ?
15. What do you mean by issue of shares at a discount ?
16. What do you know about surrender of shares ?
17. What do you mean by amalgamation of companies ?
18. What is statutory reserve ?
19. What do you mean by Non-Performing Assets ?
20. What is the rebate on bills discount ?

(8 × 2 = 16 marks)

Part C

*Answer any six questions.
Each question carries 4 marks.*

21. Distinguish between equity shares and preference shares.
22. Explain various sources of redemption of debentures.
23. Examine different types of debentures.
24. Differentiate the merger and purchase.
25. What do you understand by Buyback of shares ? Explain the advantages of buyback of shares.
26. Calculate Rebate on Bills discounted as on 31st March 2015.

<i>Date</i>	<i>Amount</i>	<i>Period</i>	<i>Rate of discount</i>
20-01-15	80,000	5 months	16 %
10-02-15	40,000	4 months	18 %
15-03-15	60,000	2 months	15 %

27. Jagadeesh Limited invited application for 30,000 shares of ₹10 each. Payments were to be made as follows :—

Application ₹3, Allotment ₹3, First call ₹2, final call ₹2. All the shares were applied. You are required to prepare necessary journal entries in the books of the company, assuming that all sums due on allotment and calls have been received. Share issue expenses amounted to ₹8,000.

28. Manu and Sons Limited issued 40,000 Equity shares of ₹10 each payable as follows :

Application ₹2.50 payable on	—	1 st May 2015.
Allotment ₹2.50 payable on	—	1 st July 2015.
First Call ₹2.00 payable on	—	1 st October 2015.
Second & Final ₹3.00 payable on	—	1 st February 2016.

All these shares were subscribed and amounts received. Mohan, who had 800 shares, paid the amount of first and second calls with allotment.

Pass necessary journal entries in the books of the company.

(6 × 4 = 24 marks)

Part D

Answer any two questions.

Each question carries 15 marks.

29. On 31st March 2010, B Ltd. was absorbed by A Ltd., the later taking over all the assets and liabilities of the former at book values. The consideration for the business was fixed at ₹ 40 crore to be discharged by the transferee company in the form of its fully paid up equity shares of ₹ 10 each, to be distributed among the shareholders of the transferor company, each shareholder is getting two shares for every share held in the transferor company.

The balance sheets of the two companies as on 31st March, 2010 stood as follows :

Liabilities	A	B	Assets	A	B
	₹ '000	₹ '000		₹ '000	₹ '000
Share capital : Authorized	15,00,000	5,00,000	Goodwill	2,00,000	60,000
Issued and subscribed share capital @ ₹10 full paid	9,00,000	2,00,000	Plant & Machinery	4,12,000	1,00,000
General reserve	1,80,000	50,000	Furniture	80,000	30,000
Profit and Loss Account	20,500	12,900	Stock-in-trade	2,65,500	60,000
Workmen compensation fund	12,000	9,000	Sundry Debtors	2,21,200	46,000
Sundry Creditors	58,567	30,456	Prepaid insurance	—	700
Staff Provident Fund	10,200	4,000	Income tax refund claim	—	6,000
Provision for Taxation	12,300	5,000	Cash in hand	869	356
			Cash at bank	14,000	8,300
	11,93,569	3,11,356		11,93,569	3,11,356

Turn over

Amalgamation expenses amounting to ₹ 10 lakh were paid by A Ltd. You are required to show the necessary ledger accounts and balance sheet, after amalgamation, in the books of B Ltd., as on 31st March, 2010.

30. From the following information, prepare a Balance Sheet of National Bank Ltd. as on 31st March 2011, with the relevant schedules :

	Rs. in lakhs	
	Debit Amount	Credit Amount
Share Capital (19800 shares @ ₹10)		198.00
Statutory reserve		231.00
Net profit before appropriation		150.00
Profit and Loss account		412.00
Fixed Deposit Account		517.00
Savings Deposit account		450.00
Current accounts	28.00	520.12
Bills payable		0.10
Cash credit	812.00	
Borrowing from other banks		110.00
Cash in hand	160.15	
Cash with RBI	37.88	
Cash with other banks	155.87	
Money at call	210.12	
Gold	55.23	
Government securities	110.17	
Premises	155.70	
Furniture	70.12	
Term loan	792.88	
	<u>2588.22</u>	<u>2588.22</u>

Additional information :

- (a) Bills for collection ... ₹ 18,10,000
 (b) Acceptances and endorsements ... ₹ 14,12,000
 (c) Claims against the bank not acknowledged as debt ... ₹ 55,000
 (d) Depreciation charges - Premises ... ₹ 1,10,000
 Furniture ... ₹ 78,000

50 % of the term loans are secured by government guarantee. 10 % of cash credit is unsecured. Also calculate cash reserves required and statutory liquid reserve required.

Note : Cash reserve required is 3 % of demand and time liabilities, Liquid reserves required is 30 % of demand and time liabilities.

31. What do you know about purchase consideration ? Examine its different methods of calculating purchase consideration.

(2 × 15 = 30 marks)