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Name.....

Reg. No.....

THIRD SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, NOVEMBER 2019

(CUCBCSS—UG)

B.Com.

BCM 3B 04—CORPORATE ACCOUNTING

[Common for B.Com. Vocational]

(2014 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part I

Answer all questions.

Each question carries 1 mark.

1. Preference share can be redeemed out of :
 - a) Capital reserve.
 - b) Fresh issue of equity shares.
 - c) Fresh issue of debentures.
 - d) Revaluation of fixed assets.
2. Capital reserve can be used for _____.
 - a) Issue of Bonus shares.
 - b) To write of capital loss.
 - c) Issue of shares in discount.
 - d) All of these.
3. _____ means the cancellation of shares due to the nonpayment of allotment or call money.
 - a) Surrender of shares.
 - b) Lien on shares.
 - c) Forfeiture of shares.
 - d) None of these.
4. Security premium reserve account is shown in the balance sheet under the head
 - a) Share capital.
 - b) Current liabilities and provisions.
 - c) Reserves and surplus.
 - d) Non Current liabilities.
5. In life insurance Net Liability is measured by a person known as _____.
 - a) Liquidator.
 - b) Surveyor.
 - c) Actuary.
 - d) Manager.

Turn over

6. If there is any profit on the reissue of forfeited shares, it should be transferred to _____.
7. _____ is the amount which is agreed to be paid by the transferred company for the purchase of the business.
8. An annual payment which a life insurance company guarantees to pay for a lump sum received in the beginning is called _____.
9. Preference shares carry a fixed rate of dividend which is to be paid before _____.
10. Banks are required to transfer _____ of their profit to statutory reserve.

(10 × 1 = 10 marks)

Part II

Answer any **eight** questions.

Each question carries 2 marks.

11. What is IPO ?
12. What is forfeiture of shares ?
13. What is surrender of shares ?
14. What is right issue ?
15. What are sources of finance which can be used for redemption of debentures ?
16. What is pooling interest method ?
17. What do you mean by net asset method ?
18. What is a capital reduction account ?
19. What is annuity ?
20. What is reinsurance ?

(8 × 2 = 16 marks)

Part III

Answer any **six** questions.

Each question carries 4 marks.

21. Explain the advantages of buyback of shares.
22. What do you mean by alteration of share capital ? Explain different ways used for alteration of share capital.
23. Give schedule of investments of a banking company by using imaginary figures.
24. What do you understand by life fund ? How it is treated in the final account ?

25. A company forfeits the shares held by two share holders A and B.
- A holds 100 shares of Rs. 10 each on which he has paid Rs. 5 per share (Rs. 3 on application and Rs. 2 on allotment including Re. 1 as premium) but has failed to pay the call of Rs. 6 per share.
 - B holds 200 shares of Rs. 10 each on which he has paid Rs. 3 per share as application money. He has failed to pay the allotment and call money. Pass necessary journal entry.
26. Give journal entries for the following transactions in connection with internal reconstruction.
- 10,000 equity shares of Rs. 10 each fully paid, reduced to shares of R. 5 each fully paid.
 - 100, 8% Debentures of Rs. 1000 each converted into 500, 6% debentures of Rs. 100 each.
 - The debit balance of profit and loss account Rs. 50,000 and the preliminary expenses of Rs. 10,000 were written off.
 - The value of plant and machinery and stock were written down by Rs. 20,000 and Rs. 10,000 respectively.
27. The revenue account of a HFDC life insurance company shows the life assurance fund on 31st march 2017 at Rs. 75,00,000 before taking into account the following items :
- Bonus utilised in reduction of premium Rs. 4,500
 - Outstanding premium Rs. 5,410
 - Claims intimated but not admitted Rs. 26,500
 - Interest accrued on securities Rs. 8,260
 - Claims covered under re-insurance Rs. 12,000

What is the life insurance fund after taking into account the above omissions ?

28. X took over the business of Y Ltd with effect from 31-03-2015. The following was the B/S of Y Ltd as at that date :

Liabilities	Amount	Assets	Amount
12000 shares of Rs. 50 each	6,00,000	Land and building	1,80,000
Reserve	1,20,000	Plant and machinery	1,00,000
P/L Account	65,000	Furniture	25,000
Creditors	75,000	Stock	2,50,000
		Debtors : 2,90,000	
		Less Provision : 10,000	2,80,000
		Cash at bank	25,000
	8,60,000		8,60,000

Turn over

X Ltd. took over all the assets and liabilities of Y Ltd. except a sum of Rs. 10,000 to provide for the cost of liquidation. The purchase price was discharged by the allotment of one share of Rs. 100 (Rs. 90 paid up) of X Ltd, for every two shares in the Y Ltd. The expense of liquidation amounted to Rs. 3000. Pass journal entries in the books of X Ltd.

(6 × 4 = 24 marks)

Part IV*Answer any two questions.**Each question carries 15 marks.*

29. The following balances were extracted from the books of Red Ltd. as on 30th June 2018 :

2000, 8% redeemable preference shares of Rs. 100 each fully called up	:	Rs. 2,00,000
Less : Calls in arrear at Rs. 20 per share on 300 shares	:	Rs. 6,000
		1,94,000

General Reserve : 50,000

Capital reserve : 10,000

The preference shares were redeemed on 1st July 2018 at a premium of Rs. 5 per share.

The company issued further equity shares of Rs. 10 each - as were necessary for the purpose of redeeming the preference shares, which were fully subscribed and duly allotted.

You are required to show the journal entries and the extracts in the liability side of the balance sheet after the redemption.

30. Following are the balances of ABC Ltd. as on 31 March 2017 :

Debit	Amount	Credit	Amount
Premies	30,72,000	Equity share capital	40,00,000
Plant	33,00,000	12% debenture	30,00,000
Stock	7,50,000	Profit and loss account	2,63,000
Debtors	8,70,000	Bills payable	3,70,000
Goodwill	2,50,000	Creditors	4,00,000
Bank	4,07,000	General reserve	2,50,000

Debit	Amount	Credit	Amount
Calls in arrear	75,000	Sales	41,50,000
Interim dividend paid	6,00,000	Bad debts provision	35,000
Purchases	18,50,000		
Preliminary expenses	50,000		
Wages	7,71,000		
General expenses	69,000		
Salaries	2,03,000		
Bad debts	21,000		
Debenture interest paid	1,80,000		
	1,24,68,000		1,24,68,000

Additional information :

- (i) Depreciate plant by 10%
- (ii) Write off Rs. 5,000 from preliminary expenses
- (iii) Half year's debenture interest due
- (iv) create 5% provision on bad debts
- (v) Provide for income tax 35%
- (vi) Stock on 31 - march 2017 was Rs. 9,50,000.

Prepare profit and loss a/c and Balance Sheet.

31. On 31 march 2018 the following balances stood in the books of New Bank Ltd. after preparing Profit and Loss account :

Share capital	3,500	Cash with other banks	9,100
Reserve fund	2,450	Borrowings from other banks	4,400
Fixed Deposit account	6,650	Bills discounted and purchase	4,200
Savings Bank account	21,000	Sundry creditors	210
Current accounts	56,000	Bills payable	5,600
Money at call and short notice	2,100	Unclaimed dividend	210
Investment (at cost)	21,000	Bills for collection	980
Profit & loss a/c (Cr) 1-4-2017	1,470	Acceptance on behalf of	
Dividends for 2017	350	customers	1,400
Land and Building (after depreciation)	7,445	Net profit for 2017-18	1,680
Cash in hand	420		
Cash with RBI	10,500		

The net profit is after deducting provisions for bad debts Rs. 2,10,000, Tax provision Rs. 7,00,000 and rebate on bills discounted Rs. 35,000.

Prepare Balance Sheet as on 31 -3 - 2018

(2 × 15 = 30 marks)