

## THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2012

(CCSS)

Commerce

BC 3B 04—CORPORATE ACCOUNTING

Three Hours

Maximum : 30 Weightage

## Part A

*This part consists of three bunches of questions carrying equal weightage of 1.*

*Each bunch consist of four objective type questions.*

*Answer all questions.*

1. That part of the uncalled capital which is kept in reserve and will be called up only on winding up is called :
 

(a) Uncalled Capital.	(b) Unpaid Capital.
(c) Unissued Capital.	(d) Reserve Capital.
2. Dividend are usually paid on :
 

(a) Authorised Capital.	(b) Subscribed Capital.
(c) Paid up Capital.	(d) Called up Capital.
3. Debenture holders are the :
 

(a) Creditors of the Co.	(b) Owners of the Co.
(c) Customers of the Co.	(d) None of the above.
4. When preference shares are redeemed out of profit otherwise available for dividend, the sum equal to the nominal value of shares must be transferred to :
 

(a) Reserve fund.
(b) Sinking fund.
(c) Capital redemption reserve.
(d) Statutory fund.

Fill up the blanks :

5. Excess amount received over the face value of shares is known as \_\_\_\_\_.
6. Discount on issue of shares is shown on the \_\_\_\_\_ of the balance sheet.

Turn over

7. Purchase of Company's own share in the open market is called \_\_\_\_\_.
8. Pooling of interest method is used to account for amalgamation in the nature of \_\_\_\_\_.

III. Answer in *one* word :

9. What is the value obtained by dividing net asset available to equity shareholders by the equity shares ?
10. What is the name of the share issued by the Co. to employee at discount or consideration than cash for providing know how ?
11. Profit which are legally available for shareholders is called :
12. Name the system of preparing two vouchers for every transaction not involving cash.

(12 ×  $\frac{1}{4}$  = 3 weight)

**Part B**

*Answer all questions.*

*Each question carries a weightage of 1.*

13. What is forfeiture of shares ?
14. What is calls in advance ?
15. What is meant by purchase consideration ?
16. What is internal reconstruction ?
17. What is non-banking assets ?
18. What is NPA ?
19. What is TDS ?
20. What is Re-insurance ?
21. What do you mean by Annuity ?

(9 × 1 = 9 weight)

**Part C**

*Answer any five questions.*

*Each question carries a weightage of 2.*

22. B Ltd. issued 5,000 equity shares of Rs. 100 each at a premium of Rs. 25 per share. On 1<sup>st</sup> January 2012 the Company received 12,000 applications of which 2,000 applications were totally rejected and their amount refunded. Remaining applicants were allotted shares on pro rata basis. The amount of share is receivable as under :

On Application	Rs. 30
On Allotment	Rs. 45 (including premium)
On 1 <sup>st</sup> Call	Rs. 25
On Final Call	Rs. 25
	125

Allotment money was received in full. When 1<sup>st</sup> Call was made all money received except on 25 shares. These shares were forfeited and reissued credited at Rs. 75 for Rs. 110/share. When final call was made one share holder holding 100 shares failed to pay the final call money. Pass Journal entries in the books of the Co.

23. Journalise the following transactions at the time of issue and redemption of debentures.

- A debenture issued at Rs. 95 repayable at Rs. 100.
- A debenture issued at Rs. 95 repayable at Rs. 105.
- A debenture issued at Rs. 100 repayable at Rs. 105.
- A debenture issued at Rs. 105 repayable at Rs. 100.

24. A Ltd. Co. has the following balances as on 31.3.2012 :—

10,000 Equity shares of Rs. 100 each, 5,000 preference shares of Rs. 100 each, Capital reserve Rs. 1,00,000, Security premium Rs. 1,00,000, General Reserve Rs. 2,00,000, P and L a/c Rs. 1,00,000, current liabilities Rs. 1,00,000, Fixed Assets Rs. 22,00,000, Current Assets Rs. 8,00,000.

The preference shares are to be redeemed at 10% premium. Fresh issue of equity shares is to be made to the extent it is required after utilising the revenue profit. The short fall in funds for the redemption after utilising the proceeds of the fresh issue are to be met by taking a bank loan. Show Journal entries.

25. From the following details calculate the amount of provision required to be made in the P and L a/c of a bank for the year 2011-12 :—

<i>Assets</i>	Rs.
Standard	1,60,000
Sub-standard	1,20,000
Doubtful :	
One year (secured)	48,000
Two to three years	36,000
More than three years secured by mortgage of machinery 10,000	18,000
Non-recoverable assets	30,000

26. Calculate the amount of claims for the year 2012 from the following :

Claims paid Rs. 6,40,000

Estimated liability in respect of outstanding claims :

On 31<sup>st</sup> March 2012 Rs. 90,000.

On 31<sup>st</sup> March 2011 Rs. 65,000.

Legal expenses incurred in connection with Claims Rs. 30,000.

Re-insurance recoveries Rs. 20,000.

27. As on 31<sup>st</sup> March 2012 the books of Ashok Bank Ltd. including among others had the following balances :

Rebate on bills discounted 1.4.2011—Rs. 32,000.

Discount received—Rs. 4,60,000.

Bills discounted and purchased — Rs. 31,54,700. Throughout 2011—12 the bank rate of discounting has been 18%. On investigation and analysis the average due date for the bills discounted and purchased is calculated as 15<sup>th</sup> May 2012. Calculate the amount to be credited to P and L a/c under discount earned for the year 2011—12. Also show the journal entries to adjust the above-mentioned accounts.

28. The following are the figures extracted from the books of Asian Bank Ltd. as on 31.3.2012

	Rs.
Interest and discount received	12,50,000
Interest paid on deposits	6,50,000
Commission, exchange and brokerage	2,40,000
Rent received	40,000
Profit on sale of investments	20,000
Loss on sale of investments	5,000
Salaries and allowances	3,60,000
Directors fees and allowances	30,000
Rent and Taxes paid	24,000
Printing and Stationery	12,000
Postage and telegram	5,000
Other expenses	4,000
Audit fees	18,000
Balance of profit as on 1.4.2011	2,40,000

Other Information :

- Provide Rs. 15,000 for doubtful debts.
- Provide Rs. 60,000 for Taxation.
- Rebate on bills discounted as on 31.3.2011 Rs. 40,000.
- Provide for dividend Rs. 1,00,000.

(5 × 2 = 10 weightage)

### Part D

Answer any two questions.

Each question carries a weightage of 4.

19. The following is the Trial Balance of X Ltd. as on 31<sup>st</sup> March 2012 :—

	Rs.		Rs.
Stock 1.4.2011	75,000	Purchase returns	10,000
Purchases	2,45,000	Sales	3,40,000
Wages	30,000	Discount	3,000
Carriage	950	P and L a/c	15,000
Furniture	17,000	Share Capital	1,00,000
Salaries	7,500	Creditors	17,500
Rent	4,000	General Reserve	15,500
Trade Expenses	7,050	Bills payable	7,000
Interim Dividend	9,000		
Debtors	27,500		
Plant and Machinery	29,000		
Cash at Bank	46,200		
Patents	4,800		
Bills receivable	5,000		
	<u>5,08,000</u>		<u>5,08,000</u>

Prepare the P and L a/c for the year ended 31<sup>st</sup> March 2012 and a Balance Sheet as on that date after considering the following adjustments :

- Stock as on 31<sup>st</sup> March 2012—Rs. 88,000.
- Provision for income tax at 50%.
- Depreciate Plant and machinery at 15%, Furniture at 10% and patents at 5%.

Turn over

- (d) On 31<sup>st</sup> March 2012 outstanding rent amounted to Rs. 800 and Salaries Rs. 9
- (e) The Board recommended a final dividend @ 15%. Transfer the minimum required amount to general reserve.
- (f) Provide Rs. 510 for doubtful debts.
- (g) Provide for CDT @ 17%.
- (h) Provide for managerial remuneration at 10% on profit before tax and provision for doubtful debts.

30. The following Trial Balance was extracted from the books of the Life Insurance Corporation as on 31<sup>st</sup> March 2012 :—

	<i>Dr.</i>	<i>Cr.</i>
	Rs. '000'	Rs. '000'
Paid up share capital		
(1,00,00,000 shares of Rs. 10 each) ...	—	1,00,000
Life Assurance Fund on 1.4.2011 ...	—	29,72,300
Bonus to Policy holders ...	31,500	—
Premium received ...	—	1,61,500
Claims paid ...	1,97,000	—
Commission paid ...	9,300	—
Management Expenses ...	32,300	—
Mortgages in India ...	4,92,200	—
Interest and dividends received ...	—	1,12,700
Agents Balance ...	9,300	—
Freehold premises ...	40,000	—
Investments ...	23,05,000	—
Loans on Co's Policies ...	1,73,600	—
Cash on Deposits ...	27,000	—
Cash in hand and Current a/c ...	7,300	—
Surrenders ...	7,000	—
Dividend Paid ...	15,000	—
	<u>33,46,500</u>	<u>33,46,500</u>

You are required to prepare the Revenue a/c for the year as on 31.3.2012 and the Balance Sheet as on that date after taking the following matter into consideration :

- Claims admitted but not paid Rs. 90,00,000.
- Management expenses due Rs. 2,00,000.
- Interest accrued Rs. 1,93,00,000.
- Premium outstanding Rs. 1,00,00,000.
- Bonus utilised in reduction of premium Rs. 20,00,000.
- Claims covered under re-insurance Rs. 23,00,000.

31. The following is the Balance Sheet of A Ltd. as on 31.3.2012 :—

<i>Liabilities</i>	Rs.	<i>Assets</i>	Rs.
Share Capital :		Goodwill	20,000
Authorised Capital		Lease hold premises	1,07,000
50,000 preference		Plant and machinery	60,000
shares of Rs. 10 each ...	5,00,000	Patents	1,73,900
50,000 Equity shares			
of Rs. 10 each, ...	5,00,000		
	<u>10,00,000</u>		
Issued and paid up 25,000		Stock	34,000
Preference share of		Debtors	56,000
Rs. 10 each ...	2,50,000	Cash	100
25,000 Equity shares		Preliminary expenses	2,000
of Rs. 10 each ...	2,50,000	Profit and Loss a/c	1,23,000
Sundry creditors ...	40,000		
Bank overdraft ...	36,000		
	<u>5,76,000</u>		<u>5,76,000</u>

The Co. proved unsuccessful and the following scheme of reconstruction by reduction of capital is approved.

- That the preference shares be reduced to on equal member of fully paid shares of Rs. 5 each.
- That the Equity shares be reduced to on equal number of fully paid shares of Rs. 2.5 each.

- (c) That the amount so available be utilised towards wiping out losses and reduction of assets as follows :

Preliminary Expenses, Goodwill and P and L a/c to be written-off entirely Rs. 27,000 to be written-off Lease hold premises Rs. 14,000 to be written-off stock Rs. 6,000 to be provided for doubtful debts, 20% should be written-off plant and machinery and the balance be written-off patents.

Make journal entries in the books of the company and prepare the Balance Sheet giving effect to the above.

(2 × 4 = 8 weight)