

THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2018

(CUCBCSS—UG)

BCM 3B 04—CORPORATE ACCOUNTING

[Common for B.Com. Vocational]

(2014 Admissions)

Time : Three Hours

Maximum : 80 Marks

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

1. _____ statement displays the revenue and expenses of a company for a period of time.
(a) Income Statement. (b) Position statement.
(c) Trial Balance. (d) None.
2. When amalgamation is in the nature of merger, the accounting method to be followed is :
(a) Equity method. (b) Purchase method.
(c) Pooling of interest method. (d) Consolidated method.
3. As per section 55 of the Companies Act 2013, a company cannot issue preference shares which are redeemable after the expiry of _____ years from the date of their issue.
(a) 10. (b) 15.
(c) 20. (d) 25.
4. Preference shareholders are :
(a) Creditors of the company. (b) Owners of the company.
(c) Customers of the company. (d) None of these.
5. Every banking company shall transfer a sum equal to _____ of the profit of each year to a statutory reserve.
(a) 15%. (b) 20%.
(c) 22%. (d) 25%.
6. Valuation balance sheet is prepared for ascertaining _____ in life insurance.
7. Proposed dividend is debited to _____ account.
8. _____ is the reduction of capital to cancel any paid up share capital which is lost or unrepresented by available assets.
9. Bonus in reduction of premium is shown as _____.
10. In life insurance, claims may arise on the happening of _____.

(10 × 1 = 10 marks)

Turn over

Part B

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

11. What is capital reserve ?
12. What do you mean by calls in advance ?
13. Give the journal entry on forfeiture of shares issued at a discount.
14. What do you mean by private placement of shares ?
15. State any two advantages of buy back of shares.
16. What is amalgamation in the nature of purchase ?
17. What is purchase consideration ?
18. What is internal reconstruction ?
19. What do you mean by money at call and short notice ?
20. What do you meant by surrender value in life insurance ?

(8 × 2 = 16 marks)

Part C

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

21. Explain the various methods of redemption of debentures.
22. What are the ways in which internal reconstruction can be carried out ?
23. Give schedule of reserves and surplus of a banking company by using imaginary figures.
24. Explain the method of determining profit in life insurance business.
25. X ltd invited applications for 10,000 shares of Rs. 100 each at a discount of 6% payable as follows :
On application Rs. 25, on allotment Rs. 34, and on first and final call Rs. 35.
The applications received were for 9000 shares and all of these were accepted. All moneys due were received except the first and final call on 100 shares which were forfeited. 50 shares were reissued @ Rs. 90 as fully paid. Pass necessary journal entries in the books of the company.
26. Soorya Limited had to credit of its Profit and Loss account Rs. 1,04,500 on 1-1-2016. During the year 2016 it earned a profit of Rs. 2,60,000 before charging depreciation and manager's commission which amounted to Rs. 40,000 and Rs. 10,000 respectively. It was decided to :
 - Transfer Rs. 50,000 to the general reserve
 - Transfer Rs. 32,500 to the dividend equalization fund
 - To pay the years dividend on Rs. 3,00,000,10% preference shares
 - To pay 20% dividend on Rs. 4,00,000 equity share capital
 - To transfer Rs. 40,000 to debenture redemption fund.

Prepare profit and loss appropriation account showing the above transactions.

27. Prepare profit and loss account of the Uco Bank Ltd for the year ending 31 - 03 - 2017 from the following information.

Interest on Deposit	32,00,000	Commission (Cr)	1,00,000
Interest on Loan	24,90,000	Sundry charges (Dr.)	1,00,000
Rent and taxes	2,00,000	Establishment	5,00,000
Discount on bills discounted	14,90,000	Interest on OD	16,00,000
Interest on cash credit	23,20,000	Audit fees	35,000
Directors fee	16,000	Bad debts	3,00,000

28. The life fund of a Life insurance company was Rs. 86,48,000 as on 31 - 3 - 2018. The interim bonus paid during the inter-valuation period was Rs. 1,48,000. The periodical actuarial valuation determined the net liability at Rs. 74,25,000. Surplus brought forward from previous valuation was Rs. 8,50,000. The directors of the company proposed to carry forward Rs. 9,31,000 and to divide the balance between the shareholders and policy holders.

Show valuation balance sheet and distribution of surplus.

(6 × 4 = 24 marks)

Part D

Answer any **two** questions.

Each question carries 15 marks.

29. X ltd and Y Ltd were amalgamated on 1-04-2017. A new company XY Ltd was formed to take over the business of existing companies. The balance of sheet of X ltd and Y ltd as on 31 - 3 - 2017 are as follows :

	X Ltd	Y Ltd		X Ltd	Y Ltd
Equity shares of Rs. 10 each	2,40,000	1,60,000	Fixed asset	4,00,000	2,60,000
10% Preference shares -Rs. 100 each	1,20,000	80,000	Investment	1,60,000	60,000
Capital reserve	80,000	60,000	Stock	1,20,000	60,000
General reserve	1,20,000	60,000	Debtors	1,60,000	80,000
Profit and Loss account	40,000	20,000	Cash and bank	1,20,000	60,000
Secured loan	1,60,000	80,000			
Trade creditors	1,20,000	40,000			
Provision for tax	80,000	20,000			
	9,60,000	5,20,000		9,60,000	5,20,000

Other information :

1. Preference shareholders of the two companies are issued equivalent number of 12% preference shares of XY ltd at Rs. 125 per share.
2. XY Ltd will issue one equity share of Rs. 10 each for every share for X Ltd and Y Ltd. The shares are issued at a premium of Rs. 5 per share.

Turn over

Prepare Balance sheet of XY Ltd on the assumption that the amalgamation is in the nature of merger.

30. White Ltd issues 10,000 12% secured debentures of Rs. 100 each. Give journal entries if the debentures are redeemable at par and are issued at (i) par, (ii) at a discount of 2% and (iii) at a premium of 3%.

Also show the entries which will be made if the debentures are redeemable at a premium of 5% and are issued at (i) par, (ii) at a discount of 2%.

31. Following are the balances of Sooraj Ltd as on 31 march 2018 :

Particulars	Amount	Particulars	Amount
Share capital	40,00,000	Land and building	30,72,000
12% debenture	30,00,000	Plant	33,00,000
Profit and Loss account	2,62,500	Stock	7,50,000
Bills payable	3,70,000	Debtors	8,70,000
Creditors	4,00,000	Goodwill	2,50,000
Sales	41,50,000	Cash in hand and bank	4,06,500
General reserve	2,50,000	Calls in arrear	75,000
Provision for bad debt	35,000	Interim dividend paid	3,92,500
		Purchases	18,50,000
		Preliminary expenses	50,000
		Wages	9,79,800
		General expenses	68,350
		Salaries	2,02,250
		Bad debt	21,100
		Debenture interest paid	1,80,000
Total	1,24,67,500		1,24,67,500

Additional Information :

- Plant depreciation -15%.
- Write off preliminary expenses-Rs. 5,000.
- Half year's debenture interest due.
- Create 5% provision on debtors for doubtful debts.
- Provide for income tax - @ 50%.
- Stock on 31 - march was Rs. 9,50,000.

Prepare profit and loss account and balance sheet for the year ended 31 March 2018.

(2 × 15 = 30 marks)