

15U341

(Pages:4)

Name:

Reg. No.....

THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2016

(CUCBCSS - UG)

CC15U BC3 B04 - CORPORATE ACCOUNTING

(Core Course)

(2015 Admission)

Time: Three Hours

Maximum: 80 Marks

PART - A

Answer all questions. Each carries one mark

Fill in the blanks:

1. Profit on reissue of forfeited shares is to be transferred to.....
2. Preference shares cannot be redeemed unless they are
3. After all the debentures are redeemed the balance in the sinking fund is to be transferred to.....
4. When the proposed dividend is more than 20%, an amount equal to..... of the current profits must be transferred to reserve
5. Any balance in the capital reduction account after writing off lost capital is transferred to

State whether true or false:

6. Goodwill or Capital reserves arises only when the amalgamation is in the nature of 'Purchase'.
7. In a bank's balance sheet gold is shown under 'Other assets' whereas silver is shown under 'Investments'.
8. Bonus payable on maturity is called reversionary bonus.
9. Capital redemption reserve account can be utilised for writing off miscellaneous expenditure and losses.
10. A company can "buy back" only fully paid shares.

(10 x 1 = 10 Marks)

PART - B

Answer any eight questions. (2 marks)

11. What is issue of right shares?
12. What is meant by divisible profits?
13. What is interim dividend?
14. What is meant by forfeiture of shares?
15. What is reinsurance?
16. What do you mean by intrinsic value of a share?
17. What is internal reconstruction?

(1)

18. What is bonus in reduction of premium?
19. What do you mean by premium on reinsurance ceded?
20. What is Statutory Reserve for Banking Company?

(8 x 2 = 16 Marks)

PART - C

Answer any six questions (4 marks)

21. What do you mean by redeemable preference shares? What are the various provisions required for redemption of redeemable preference shares?
22. What is Reserve Capital? Distinguish it from Capital Reserve.
23. What is Amalgamation in the nature of merger and distinguish it from amalgamation in the nature of purchase.
24. A company wishes to redeem its preference shares amounting to Rs. 1,00,000 at a premium of 5% and for this purpose issues 5,000 equity shares of Rs.10 each at a premium of 5%. The company has a balance of Rs.1,00,000 in General Reserve and Rs.50,000 in Profit & Loss Account. Give journal entries to record these transactions.
25. Journalise the following transactions at the time of issue and redemption of debentures:
 - (i) A debenture issued at Rs.95 and repayable at Rs.105
 - (ii) A Debenture issued at Rs.95 and repayable at Rs.100
 - (iii) A Debenture issued at Rs.100 and repayable at Rs.105
26. The life insurance fund of Hindusthan Life Insurance Co. Ltd was Rs.34,00,000 on 31st March 2014. Its actuarial valuation on 31st March 2014 disclosed a net liability of Rs.28,80,000. An interim bonus of Rs.40,000 was paid to the policy holders during the previous two years. It is now proposed to carry forward Rs.1,10,000 and to divide the balance between the policy holders and shareholders. Show the valuation balance sheet and distribution of surplus.
27. PQR Ltd. forfeited 150 equity shares of Rs.10 each, issued at a discount of 10%, held by Shyam on 20th January 2014 for non-payment of the first call of Rs.2 per share and final call of Rs.3 per share. Out of these 75 equity shares were reissued to Ram at Rs.8 per share on 30th January 2014 and the rest of these shares were reissued to Mohan at Rs.7 per share on 10th March 2014. Give journal entries.
28. Given below is an extract from the trial balance of a bank as on march 31st 2015:
Rebate on bills discounted on April 1, 2014 Rs. 12,64,000
An analysis of Bills discounted show the following:-

Amount of the Bill (Rs.)	Due date	Rate of Discount (% p.a)
1,40,000	June 4, 2015	5
4,36,000	June 10, 2015	4.5
2,82,000	June 24, 2015	6
3,80,000	July 5, 2015	4

Calculate Rebate on bills discounted as on 31st March 2015

(6 x 4 = 24 Marks)

(2)

PART - D**Answer any two questions. Each carries 15 marks**

29. Green Ltd agreed to acquire the business of Red Ltd. As on 31st March 2015 on which date the ledger balances of Red Ltd. were as follows

Cr. Balances	Rs.	Dr. balances	Rs.
Capital(Fully paid shares of Rs.10 each)	6,00,000	Goodwill	1,00,000
General Reserve	1,70,000	Land and Buildings	3,00,000
Surplus Account	1,10,000	Plant	3,40,000
6% Debentures	1,00,000	Stock	1,68,000
Creditors	20,000	Debtors	56,000
		Cash	36,000
	10,00,000		10,00,000

The consideration payable by Green Ltd. was:

- a cash payment of Rs.2.50 for every share held in Red Ltd
- Issue of 90,000 shares of Rs.10 each at an agreed value of Rs.12.50 per share and
- 6% Debentures of Red Ltd. are taken over by Green Ltd and are discharged by the issue of such an amount of fully paid 5% Debentures in Green Ltd. at 96% as is sufficient to discharge the 6% debentures in Red Ltd at a premium of 20%.

The directors of Green Ltd. valued Land and Buildings at Rs.4,00,000 and created a provision of 5% on debtors against doubtful debts.

Liquidation expenses of Rs.6,000 were met by Green Ltd.

Prepare necessary ledger accounts in the books of Red Ltd. to close their books and pass necessary journal entries in the books of Green Ltd for the acquisition of business.

30. Following is the Trial balance of ABC Ltd as on 31st March 2015 .

Dr. Balances	Rs.	Cr. Balances	Rs
Stock on 1-4-2014	75,000	Purchase returns	10,000
Purchases	2,45,000	Sales	3,40,000
Wages	30,000	Discount received	3,000
Carriage	950	Surplus account	15,000
Furniture	17,000	Share Capital	1,00,000
Salaries	7,500	Creditors	17,500
Rent	4,000	General reserve	15,500
Sundry Trade Expenses	16,950	Bills payable	7,000
Debtors	27,500		
Plant and machinery	29,000		
Cash at Bank	45,300		
Patents	4,800		
Bills receivables	5,000		
	5,08,000		5,08,000

14. Prepare statement of Profit and Loss for the year ending 31st March 2015 and a balance sheet as on that date after taking into account the following adjustments:

- (a) Stock on 31-3-2015 was Rs.88,000. (b) Provide for income tax @ 30% and corporate dividend tax @7.5%. (c) Depreciate Plant and Machinery @15%, Furniture @10% and Patents @5% (d) Rent Outstanding Rs.800 and Salaries outstanding Rs.900 (e) Provide Rs.500 for doubtful debts. (f) The board recommended a dividend @ 15% after transferring the minimum required amount to general reserve.

31. The following are the balances extracted from the books of Comet Insurance Co.Ltd for the fire and marine department as on 31st March 2015:

	Fire (Rs.)	Marine (Rs.)
Claims paid	1,12,000	1,07,400
Commission paid(direct business)	1,09,600	89,400
Expenses of management	69,200	26,400
Commission on reinsurance accepted	8,000	5,000
Commission on reinsurance ceded	4,000	3,000
Reserve for unexpired risks	1,30,200	2,44,000
Additional reserve	1,42,800	15,000
Premium received less reinsurance	3,30,600	2,23,600
Claims outstanding on 1-4-2014	3,800	200

Adjustments to be taken into account:

- (i) Outstanding premium on 31-3-2015: Fire Rs.40,600 and Marine Rs.33,600.
(ii) Estimated liability in respect of claims outstanding on 31-3-2015: Fire Rs.600 and Marine Rs.13,400.
(iii) Provide 20,000 for survey expenses (Marine) and Rs.16,240 for survey expenses (Fire).
(iv) Provide in case of Fire insurance for additional reserve at 10% of the net premium in addition to opening balance.

Prepare Fire and Marine Revenue Accounts

(2 x 15 = 30 Marks)