

(FOR THE CANDIDATES ADMITTED

23UBI305

DURING THE ACADEMIC YEAR 2023-24 ONLY)

REG.NO. :

N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI

END-OF-SEMESTER EXAMINATIONS : NOV-2024

B.COM B&I

MAXIMUM MARKS: 75

SEMESTER : III

TIME : 3 HOURS

**PART - III**

**23UBI305 – CORPORATE ACCOUNTING**

**SECTION – A**

**(10 X 1 = 10 MARKS)**

**ANSWER THE FOLLOWING QUESTIONS.(K1)**

1. When share are forfeited, the share capital a/c is debited by \_\_\_\_\_  
(a) Paid-up capital (b) Called-up amount  
(c) Calls-in-arrear (d) Nominal value of such shares
2. Debentures are shown in the balance sheet under the head:  
(a) Unsecured loans (b) Current liabilities  
(c) Secured loans (d) Share capital
3. Super profit is \_\_\_\_\_  
(a) Excess of average profit over normal profit  
(b) Extra profit earned  
(c) Average profit earned by similar companies  
(d) None of the above
4. Bills discounted & purchase are shown-----.  
(a) Asset side of the balance sheet. (b) It is a contra item.  
(c) Credit side of the P&L a/c. (d) Liability side of balance sheet.
5. In case of the marine insurance the provision against unexpired risk is \_\_\_\_\_.  
(a) 50%. (b) 60%.  
(c) 75% (d) 100%

**ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES**

**(K2)**

6. Explain the meaning of Ex-Interest.
7. Define Dividend
8. Indicate the meaning of Minority Interest.
9. Define Rebate on Bills Discounted.
10. Explain about Life Insurance.

**SECTION – B**

**(5 X 5 = 25 MARKS)**

**ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.(K3)**

11. a) The directors of 'Z' Co. Ltd. forfeit 10 Shares of Rs.50 each belonging to 'Karthik' who paid Rs.5 per share on application, Rs.10 on allotment and Rs.15 on first call but failed to pay the final call of Rs.20. The same shares are then reissued to 'Raj' as fully paid on receipt of Rs.400.  
Pass Journal entries to record the forfeiture and the reissue of Shares.

**(OR)**

b) Journalise the following:

- i) Issue at par of 14% 100 debentures of Rs. 10 each, redeemable at par
- ii) Issue at 10% discount, 15% 150 debentures of Rs.10 each, redeemable at par

- iii) Issue at 10% premium, 16% 200 debentures of Rs.10 each, redeemable at par
- iv) Issue at 10% discount, 15% 199 debentures of Rs. 10 each redeemable at a premium of 5%.

12.a) Nathiya Ltd, has a credit balance on P&L a/c of Rs.3,00,000 on 1-4-2017 and net profit for the year 2016-17 is 30,00,000. It was decided that the following decisions to be carried out regarding provisions , reserves and dividends:

- (i) General reserve Rs.3,50,000
  - (ii) Investment Allowance reserve Rs.3,50,000
  - (iii) Provision for taxation @50%
  - (iv) Dividend equalization fund a/c Rs.2,00,000
  - (v) Dividend on 10% preference shares of Rs.20,00,000
  - (vi) Dividend at 15 % on 3,00,000 equity shares of Rs.10each fully paid.
- You are required to give P& L Appropriation a/c.

(OR)

b) Show the method of calculation of managerial remuneration.

13.a) From the following information calculate the value per equity share:

	Rs.
5,000 8% preference shares of Rs.100 each	5,00,000
75,000 equity shares of Rs.10 each, Rs.8 per share paid up	6,00,000
Expected profits per year before tax	2,80,000
Rate of tax	50%
Transfer to general reserve every year	20% of the profit
Normal rate of earnings	10%

(OR)

b) 'S' Ltd. has a capital of Rs.2,00,000 in shares of Rs.100 each out of which H Ltd. purchased 75% of the shares at Rs.2,40,000. The profits of 'S' Ltd. at the time of purchase of shares by H Ltd. were Rs.1,10,000. S Ltd. decided to make a bonus issue out of pre-acquisition profit of one share for every five shares held.

Calculate the cost of control of acquiring shares of 'S' Ltd.,

- (a) Before the issue of bonus shares
- (b) After the issue of bonus shares.

14.a) From the following details relating to a Banking Company. Find out the profit balance carried over to the Balance Sheet.

Interest earned	5,25,000
Other Incomes	2,20,000
Interest expended	1,25,000
Operating expenses	1,83,686
Profit brought forward from the previous year	1,00,640
Transfer to the Statutory Reserve at 25%.	

(OR)

b) Draft the balance sheet of a banking company in prescribed form and give various schedules.

15.a) The Revenue account of a life insurance company shows the life insurance fund on 31 .3.2016 at Rs.48,78,000 before taking into account the following items .

	Rs.
Claims intimated but not admitted	65,500
Bonus utilize in reduction of premiums	6,500
Interest accrued on securities	19,500
Outstanding premiums	18,000

Claims recover under reinsurance

27,000

Pass the entries giving effect to the above adjustments and show the life fund at the end of the year 2015-16 after making the above adjustments.

(OR)

b) A life insurance company got its valuation made once in every three years. The life assurance fund on 31.3.16 amounted to Rs.41,92,000 before providing for Rs.32,000 for the shareholders' dividend for the year 2014-15. Its actuarial valuation on 31.3.16 disclosed a net liability of Rs.40,40,000 under the assurance and annuity contracts. An interim bonus of Rs.40,000 was paid to the policy holders during the period ending 31.3.16.

Prepare a statement showing the amount now available as bonus to policy holders.

**SECTION – C**

**(5 X 8 = 40 MARKS)**

**ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.(K4/K5)**

16. a) M Ltd. issued a prospectus offering 10,000 equity shares of Rs. 20 each at Rs. 22 per share, payable as follows:

On application Rs. 3 per share

On allotment Rs. 8 per share (including premium)

On first call Rs. 6 per share

On final call Rs. 5 per share

Applications were received for 10,000 shares and all money on allotment, first call and final call were received except the final call amount on one holding of 400 shares. These shares were forfeited and 300 of these were subsequently reissued at Rs. 20 per share, fully paid up. Make the journal entries (including for cash).

(OR)

b) The following balances are extracted from the balance sheet of M. Ltd as on 1<sup>st</sup> January 2014.

6% Debentures Rs.1,00,000

Debentures redemption fund Rs. 85,000

Debentures redemption fund investments 90,000 (in Rs. 100 Value 4% certificates)

The annual investment was Rs.11,400 on 31<sup>st</sup> December 2001, the investments were realized at Rs.95 each and the debentures were redeemed. The Bank balance on that date was rs.18,300.

Give ledger accounts relating to the redemption of debentures.

17.a) From the under mentioned Trial Balance of Barua Brothers Ltd., prepare a Trading and Profit & Loss A/c for the ended Dec.31,2013 and the Balance Sheet as at that date:

Debit Balance	Rs.	Credit Balance	Rs.
Opening Stock	30,000	Equity Share capital	
		1,000 share of Rs. 100 each	1,00,000
Rent Taxes	6,000	5% Debentures	25,000
Purchase	60,900	Sales	1,75,000
Wages	55,200	Creditors	8,000
Discount	1,500	Bank Overdraft	12,000
Fuel	2,570	Discount	2,200
Building	70,000	Transfer fee	100
Carriage inwards	1,175	Returns Outwards	100
Debtors	20,000		
Goodwill	28,000		
Plant & Machinery	25,000		
Loose Tools	6,000		
Advertisement	3,000		
General expenses	4,400		
Bad Debts	1,030		
Debenture Interest (For half year)	625		
Miscellaneous Expenses	3,000		

Insurance	1,000	
Cash	3,000	
	<u>3,22,400</u>	<u>3,22,400</u>

- (a) The authorised capital of the company is Rs. 2,00,000;  
(b) Stock on Dec.31, 2013 is Rs. 2,00,000.  
(c) Depreciate Plant & Machinery at 9% and revalue Tools at Rs. 4,100.  
(d) Allow 2.5% discount on debtors and 2% as bad debts reserve

(OR)

b)

Moon and Star Co. Ltd. is a company with an authorized capital of rs.5,00,000 divided into 5,000 equity shares of Rs.100 each on 31.12.18 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.18.

Trial balances of Moon & Star Co. Ltd.

Debit	Rs.	Credit	Rs.
Opening Stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount received	3,150
Wages	70,000	Profit & Loss A/c	6,220
Discount allowed	4,200	Creditors	35,200
Insurance( up to 31.3.99)	6,720	Reserves	25,000
Salaries	18,500	Loan from managing	
Rent	6,000	director	15,700
General expenses	8,950	Share Capital	2,50,000
Printing	2,400		
Advertisements	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,500		
Furniture	17,100		
Bank	34,700		
Bad debts	3,200		
Calls-in-arrears	5,000		
	<u>6,60,270</u>		<u>6,60,270</u>

You are required to prepare Profit and Loss Account for the year ended 31.12.18 and a balance sheet as on that date. The following further information is given:

- Closing stock was valued at Rs.1,91,500
- Depreciation on plant at 15% and on furniture at 10% should be provided
- A tax provision of Rs.8,000 is considered necessary
- The directors declared an interim dividend on 15.8.99 for 6 months ending june 30, 1999 @ 6%.

18. a) The following is the Balance Sheet of A Ltd. as on December 31, 2014:

Liabilities	Rs.	Assets	Rs.
Share Capital:		Land and Building	30,000
10,000 Shares of Rs. 5 each	50,000	Plant and Machinery	30,000
General Reserve	15,000	Trade Marks	5,000
Taxation Reserve	10,000	Stock	12,000
Workmen's Savings Account	7,500	Debtors	20,000
Creditors	24,500	Cash at Bank	15,000
Profit and Loss Account	8,000	Preliminary Expenses	3,000
	<u>1,15,000</u>		<u>1,15,000</u>

The Land and Buildings have been valued at Rs. 65,000 and the Plant and Machinery is worth Rs. 25,000. Debtors to the extent of Rs. 2,000 are to be considered as bad. The profits of the company for the last three years have been as follows:

2012- Rs. 22,000; 2013 -Rs. 23,000; and 2014 - Rs. 26,000.

It is the company practice to transfer 25% of profits to reserve. Ignoring taxation, find out the value of the shares. Similar companies give a yield of 10% on the market value of their shares. Goodwill may be taken to be of the value of Rs. 40,000. Compute yield value of equity share.

(OR)

b) From the following balance sheet relating to H Ltd and S Ltd prepare a consolidated balance sheet.

Balance Sheet as on 31.03.2019

Liabilities	H Ltd Rs.	S Ltd Rs.	Assets	H Ltd Rs.	S Ltd Rs.
Share Capital: (Shares of Rs.10 each)	10,00,000	2,00,000	Sundry fixed assets	8,00,000	1,20,000
Profit and Loss A/c	4,00,000	1,20,000	Stock	6,10,000	2,40,000
Reserves	1,00,000	60,000	Debtors	1,30,000	1,70,000
Creditors	2,00,000	1,20,000	Bills receivable	10,000	—
Bills payable	—	30,000	Shares in 'S Ltd' at cost (15,000 shares)	1,50,000	
	17,00,000	5,30,000		17,00,000	5,30,000

- (a) All profits of S Ltd have been earned after the shares were acquired by H Ltd. But there was already a reserve of Rs.60,000 on that date.  
 (b) All the bills payable of S Ltd. were accepted in favour of H Ltd.  
 (c) The stock of H Ltd includes Rs.50,000 purchased from S Ltd. The profit added was 25% on cost.

19.a) From the following particulars, prepare a Profit and Loss A/c of New Bank Ltd., for the year ended 31-03-2019.

	(in Rs.'000)		(in Rs.'000)
Interest on loans	260	Interest on cash credits	225
Interest on fixed deposits	280	Rent and taxes	20
Rebate on bills discounted	50	Interest on overdrafts	56
Commission charged to customers	9	Directors' and Auditor's fees	4
Establishment expenses	56	Interest on savings bank accounts	70
Discount on bills discounted	200	Postage and telegrams	2
Printing and advertisements	3	Sundry charges	2

(OR)

b) From the following particulars of XY Bank Ltd., prepare the balance sheet in the prescribed form as on 31<sup>st</sup> March, 2019.

	Rupees (in thousands)
Authorized capital	4,000
Subscribed capital 4,00,000 shares of Rs.10 each Rs.5 paid	2,000
Investments	7,000
Bills discounted (in India)	15,000

Profit and Loss (Cr)	850
Endorsement on bills for collection	100
Liability of customers for acceptances	5,000
Money at call and short notice	9,000
Cash in hand	2,000
Cash with RBI	4,000
Reserve	3,000
Cash with State Bank	4,000
Letters of credit issued	500
Telegraphic transfers payable	800
Bank drafts payable	1,200
Short loans	40
Rebate on bills discounted	10
Acceptances for customers	5,000
Loans and Advances	10,000
Cash credits	10,000
Overdrafts	1,000
Bills purchased (payable outside India)	1,000
Current and deposit accounts	56,000
Investment fluctuation fund	100
Bills for collection	100
Premises	1,000

20. a)

The following balances are abstracted from the books of New Bharat Life Insurance co. Ltd., as on 31.3.2006.

	Rs. ('000)		Rs. ('000)
Life Assurance Fund (1.4.2005)	15,00,000	Claims paid during	
Premiums	4,96,000	the year	64,900
Consideration for annuities granted	15,000	Annuities	2,050
Interest & Dividends	1,00,000	Bonus in reduction	
Fines for revival of policies	750	of premiums	1,600
Reinsurance premium	20,750	Medical fees	2,400
Claims outstanding (1.4.2005)	4,500	Surrenders	4,000
		Commission	18,650
		Management expenses	22,000
		Income tax on	
		Dividends	8,500

Prepare Revenue A/c after making the following adjustments:

	Rs. ('000)
(i) Outstanding balances:	
Claims	14,000
Premiums	4,600
(ii) Further bonus for premium	2,400
(iii) Claim under reinsurance	8,000

(OR)

b) The books of Jai Prakash Insurance Co. Ltd contain the following information in respect of fire insurance as on 31.3.2016.

	(Rs. in Thousands)		(Rs. in Thousands)
Provision for unexpired risks (1.4.15)	80,000	Refund of double	
Estimated liability in respect of	40,000	taxation	600
Outstanding claims : On 1.4.15	10,000	Management expenses	55,000
: On 31.3.16	15,000	Interest & Dividends	8,000
Medical expenses regarding claims	1,000	Legal expenses	
Claims paid	70,000	regarding claims	1,500
Reinsurance premium	14,500	Profit on sale of	
Reinsurance recoveries	1,500	investments	1,750
Premiums	1,90,000	Additional reserve	
Commission on direct business	25,000	on 31.3.05	60,000
Commission on re insurance ceded	3,000		
Commission on re insurance accepted	1,000		

Additional reserve is to be increased by 10% of the net premium income.

Prepare revenue A/c keeping the reserve for unexpired risks at 50% of premium income.