

Roll No.

Total No. of Pages :04

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B.Com. (Honours) (Sem.-4)

CORPORATE ACCOUNTING

Subject Code :BCOM-401-18

M.Code :77409

Date of Examination : 05-07-22

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTIONS TO CANDIDATES :

1. SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.
2. SECTIONS-B consists of FOUR Sub-sections : Units-I, II, III & IV.
3. Each Sub-section contains TWO questions each, carrying TEN marks each.
4. Students have to attempt any ONE question from each Sub-section.

SECTION-A

1. Write short notes on the following :

- a) Provision for taxation
- b) Bonus shares
- c) Purchase consideration
- d) Final dividend vs. Interim dividend
- e) Define Amalgamation.
- f) Re-issue of forfeited of shares capital
- g) Sources of income of a banking company
- h) Goodwill valuation
- i) Types of life Insurance policies
- j) Prudential norms

SECTION-B

UNIT-I

2. a) X Ltd issued 1000, 9% debentures of Rs.100 each. Write journal entries when they are issued (i) at par, (ii) at 20% premium and (iii) at 10% discount.
- b) On 1 January 2007, P Ltd issued 1000, 6%* debentures of Rs.100 each repayable at the end of 4 year at a premium of 10%. It is decided to create a sinking fund for the purpose; the investment is expected to yield 5% net. Sinking fund table shows that Re.0.232012 invested annually amounts to Re. 1 at 5% in 4 years. Investments were made in multiples of 100 only. On 31 December 2010, the balance at the bank was Rs.40000 and the investment realized Rs.82000. The debentures were paid off. Give journal entries and show ledger accounts except for debenture interest.
3. A Ltd. was registered with an authorized capital of Rs.3000000 in equity shares of Rs.10each. Following is the list of balances taken from its books on 31 March 2014:

Purchases	925000	General expenses	84175
Wages	424325	Stock on 1 st April 2013	375000
Manufacturing expenses	65575	Goodwill	100000
Salaries	70000	Cash in hand	28750
Bad debts	10550	Cash at bank	199500
Directors' fee	31125	Subscribed and fully paid	
Debenture interest paid	45000	Capital	2000000
Preliminary expenses	25000	Profit and loss account (cr.)	72500
Calls in arrears	37500	6% debentures	1500000
Plant and machinery	1500000	Sundry creditors	290000
Premises	1650000	Bills payable	167500
Interim dividend paid	187500	Sales	2075000
Furniture and Fixtures	35000	General reserve	125000
Sundry Debtors	436000		

Prepare Profit and Loss Account for the year ended 31st March 2014 and the Balance sheet as on that date after making the following adjustments:

- Depreciate plant and machinery by 10%.
- Provide half year's interest on debentures.
- Write off Rs.2500 from preliminary expenses.
- Make the provision for bad and doubtful debts Rs. 4250 on sundry debtors.
- Stock on 31st March 2014 was Rs.455000.

UNIT-II

4. Briefly explain the methods for valuation of shares and valuation of goodwill?
5. Following figures have been obtained from the books of Kamala Bank Ltd for the yearending 31stMarch 2013(figures in '000):

Issued and subscribed capital Rs.1000,

Interest and discount earned Rs.3800,

Commission and exchange earned Rs.195,

Interest paid Rs.2000,

Salaries and wages Rs.210,

Directors fees Rs. 35,

Rent and taxes Rs.70,

Postage and telegrams Rs.61,

Profit on sale of investments Rs.240,

Loss on sale of investments Rs.38,

Rent received Rs. 62,

Depreciation Rs.31,

Stationary Rs.60 and

Auditors fees Rs.8.

Additional information:

- a. The profit and loss account had a balance of Rs. 10,00,000 on April 2012.
- b. An advance of Rs. 12,00,000 has become doubtful and it is expected thatonly 50% of the amount due can be recovered from the security.
- c. The provision of tax is made at 50%.
- d. A dividend of 10% is proposed.

Prepare Profit and Loss account of Kamala Bank Ltd for the year ending 31st March 2013.

UNIT-III

6. Give the accounting entries for reduction and alteration of share capital. Illustrate.
7. What is amalgamation in the nature of purchase? Differentiate between amalgamation in the natureofmerger and amalgamation in the nature of purchase. Discuss accounting entries in the books oftransferee.

UNIT-IV

8. From the following figures taken from the books of XYZ Insurance Co. Ltd doing the fire insurance business, prepare the final accounts for the year 2010-2011.

Fire fund on 1 st April 2010	930000
General Reserve	450000
Investments	3600000
Premium	2701535
Claims paid	602815
Share capital - Equity shares @ Rs.100 each	900000
Additional Reserve on 1 st April 2010	330000
Profit and loss Account (credit)	75000
Reinsurance premium	112525
Claims recovered from reinsurers	21119
Commission on reinsurance ceded	48016
Advance income tax	250000
Agents balance (Debit)	20000
Commission on direct business	299777
Commission on reinsurance accepted	60038
Outstanding premium	22300
Claims intimated but not paid on 1 st April 2010	60000
Expenses of management	431947
Audit fees (General)	36000
Rate and tax (General)	5804
Rent (General)	67500
Income from investments	153000
Sundry creditors	22500
Cash in hand and bank balances	182462

The following further information may also be noted:

- Expenses of management include survey fees and legal expenses of Rs.36000 and Rs.20000 relating to claims
- Claims intimated but not paid on 31st March 2011 Rs. 104000
- Income tax to be provided @55%
- Proposed dividend 8%
- Transfer to general reserve Rs.200000

Reserve for unexpired risk to be kept @ 40% of net premium

9. Give a brief account of books maintained by insurance companies.

NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.