

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

END-OF-SEMESTER EXAMINATIONS: NOVEMBER2023

B.COM B&I

MAXIMUM MARKS: 50

SEMESTER III

TIME : 3 HOURS

PART – III

CORPORATE ACCOUNTING

SECTION – A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.(K1)

1. If a share of Rs 10 on which Rs 8 has been called and Rs 5 has been received is forfeited share capital A/c in this case will be debited with _____.
(a) Rs 2 (b) Rs 5 (c) Rs 8 (d) Rs 10
2. When the proposed dividend exceeds 20% of the paid up capital the % of profits to be transferred to reserve is _____.
(a) 10% (b) 7.5% (c) 5% (d) 2.5%
3. Profit made by a subsidiary company after the date of purchase of shares by the holding company are known as _____.
(a) Revaluation profits (b) Realisation profits (c) Capital profits (d) Revenue profits
4. An assets which does not generate income to the banker is termed _____.
(a) Performing assets (b) Fixed asset (c) Non- performing assets (d) Current assets
5. Insurance business in India is now regulated by _____.
(a) The insurance Act 1938
(b) The IRDA Act 1999
(c) The Banking Regulations Act 1949
(d) The Indian Companies Act 2013

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. When can shares be forfeited? Can forfeited shares be reissued at discount?
7. Explain the accounting treatment of interim dividend and final dividend?
8. What is minority interest?
9. Describe the meaning of Non- performing Assets?
10. Explain the meaning of ‘Double insurance’

SECTION – B

(5 X 3 = 15 MARKS)

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

(K3)

11. a) Good luck Ltd invited applications for Rs 20,000 shares of the value of Rs 20 each. The amount payable is Rs. 5 in application Rs. 8 Allotment and the balance when required. The whole of the above issue was applied for and cash was duly received. Give journal entries for the above transactions.

(OR)

b) What is meant by “over subscription”. How excess application money is treated in account?

12. a) Explain the corporate dividend tax? Give the accounting treatment.

(OR)

b) A managerial is entitled to commission at a certain percentage of net profit (such commission to be charged in arriving at the net profit)

The commission is to be allowed at the following rates:

First Rs 10,000 of the net profit ----- nil
 Next Rs 20,000 of the net profit ----- 10%
 Next Rs 30,000 of the net profit ----- 15%
 Next Rs 60,000 of the net profit -----20%
 Balance of the net profit ----- 30%

The net profit before charging manager's commission is Rs 1, 45,000. Compute the amount of manager's commission.

13. a) Explain (a) minority interest (b) Holding company

(OR)

b) The balance sheet of C Ltd and D Ltd as at 31st December, 2020 as follows:

Liabilities	C Ltd	D Ltd	Assets	C Ltd	D Ltd
Share capital (in shares of Rs 10 each)	2,00,000	1,00,000	Sundry assets	1,32,000	1,38,200
General reserve	18,000	20,000	Goodwill	-----	20,000
Profit & loss	24,500	23,000	Shares in D Ltd at cost	1,40,000	-----
Creditors	30,000	15,200			
TOTAL	2,72,000	1,58,200		2,72,000	1,58,200

In the case of 'D' Ltd., profit for the year ended 31st December 2020 is Rs 12,000 and transfer to reserve is Rs 5,000. The holding of C Ltd in D Ltd is 90% acquired on 30th June 2020. **Draft a consolidated balance sheet of C Ltd., and its subsidiary.**

14. a) Explain the legal restrictions imposed on banking companies?

(OR)

b) From the following particulars, Prepare a profit and loss A/c of New bank Ltd., for the year ended 31/12/2020

Particulars	Rs (in '000)	Particulars	Rs (in '000)
Interest on loans	260	Interest on cash credits	225
Interest on fixed deposits	280	Rent and rates	20
Rebate on bill discounted	50	Interest on overdraft	56
Commission charged to customers	9	Directors and auditors fees	4
Establishment expenses	56	Interest on saving bank accounts	70
Discount on bill discounted	200	Postages and telegrams	2
Interest on current accounts	45	Sundry charges	2
Printing and advertisements	3		

15. a) What is "reserve for unexpired risk"? Why it is credited? Describe its treatment in final accounts?

(OR)

b) From the following balance extracted from the books of the LIC as at 31/3/2020, **prepare a Revenue A/c for the year ending 31/3/2020 in the prescribed form:**

Particulars	Rs (in '000)	Particulars	Rs (in '000)
Claim by death	3,30,000	Life Assurance fund(1.4.2019)	63,31,000
Claim by maturity	2,15,000	Premiums	20,65,000
Agents allowance	26,500	Bonus in reduction of premium	1,000
Salaries	44,200	Income tax on interest and dividends	5,700
Travelling expenses	1,200	Printing and stationary	13,900
Directors fees	8,700	Postages and telegrams	14,300
Auditors fees	1000	Receipts stamps	2,300

Medical fees	52,000	Reinsurance premiums	40,950
Commission	2,18,000	Interest and dividend (gross)	2,72,000
Rent	2,800	Policy renewal fees	9,600
Law charges	200	Assignments fees	540
Advertisings	4,300	Endowments fees	690
Bank charges	1,500	Transfer fees	1,400
General charg	2,000		
Surrenders	47,500		

Provide the Rs 1,500 thousands for depreciations of furniture and Rs 2, 20,000 thousands for deprecations on investments.

SECTION – C

(5 X 5 = 25 MARKS)

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

16. a) K Ltd issued a prospectus inviting applications for 50,000 shares of Rs 10 each.

These shares were issued at par on the following terms:

On applications -- Rs 3

On allotments Rs 4

On first call Rs 2

On second call Re 1

Applications were received for 6000 shares

Allotments were made on the following basics

(i) To applicants for 10,000 shares – in full

(ii) To applicants for 20,000 shares – 15,000 shares

(iii) To applicants for 30,000 shares- 25,000 shares

All excess amount paid on application is to be adjusted against amount due on allotment. The shares were fully called and paid up except amounts of allotments, first and final call not paid by those who applied for 2,000 shares out of the group applying for 20,000 shares .all the shares on which calls were not paid were forfeited by the board of directors.

1,000 shares forfeited shares were reissued as fully paid on receipts of Rs 8 per share. Show necessary journal entries in the books of K Ltd.

(OR)

b) Define “ shares’ and Explain its types

17. a) Moon Ltd is a company with authorized capital of Rs 5,00,000 divided into 5,000 shares of Rs100each.On 31/12/2022 of which 2,500 shares were fully called up. The following are the balance extracted from the ledger as on 31/12/2022 .

Debit	Rs	Credit	Rs
Opening stock	50,000	Sales	3,25,000
Purchase	2,00,000	Discount received	3,150
Wages	70,000	Profit and loss	6,220
Discount allowed	4,200	Creditors	35,200
Insurance(up to 31/06/23)	6,720	Reserves	25,000
Salaries	18,500	Loan from managing directors	15,700
Rent	6,000	Share capital	2,50,000
General expenses	8,950		
Printing	2,400		
Adversitment	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		
	6,60,270		6,60,270

You are required to prepare statement of profit and loss for the year 31/12/22 and balance sheet as on that date. The following information is given;

- (i) Closing stock was valued at Rs 1,91,500.
- (ii) Depreciation on plant at 15% and on furniture at 10% should be provided.
- (iii) A tax provision of Rs 8,000 is considered necessary.
- (iv) The directors declared an interim dividend on 15/8/22 for 6 months ending June 20, 2022 @6%.

(OR)

- b) "Unpaid dividend can be kept by the company without any time limit"- discuss in detail

18. a) How will you treat proposed dividend given in the balance sheet of the subsidiary company?

(OR)

- b) Distinguish between capital profit and revenue profit in the context of holding companies?

19. a) From the following information's relating to Lakshmi bank Ltd., prepare the profit and loss A/c for the year ended 31st December, 2019.

	Rs		Rs
Rent received	72,000	Salaries and allowance	2,18,800
Exchange and commission	32,800	Postage	5,600
Interest on fixed deposits	11,00,000	Sundry charges	4,000
Interest on savings bank a/cs	2,72,000	Directors and auditors fees	16,800
Interest on overdraft	2,16,000	Printing	8,000
Discount on bills discounted	7,80,000	Law charges	3,600
Interest on current accounts	1,68,000	Locker rent	1,400
Interest on cash credits	8,92,000	Transfer fees	2,800
Depreciation on bank property	20,000	Interest on loans	10,36,000

(OR)

- b) Briefly explain the major kinds of deposits usually accepted by Bank and shown Under Section 3.

20. a) Explain the various types of life insurance policies.

(OR)

- b) Prepare Revenue Account of life insurance business in prescribed form as per IRDA regulations and explain the items there in.

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