

(FOR THE CANDIDATES ADMITTED

23UBP306

DURING THE ACADEMIC YEAR 2023 ONLY)

REG.NO. :

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

END-OF-SEMESTER EXAMINATIONS: NOVEMBER-2024

B.COM (BPS)

MAXIMUM MARKS: 75

SEMESTER III

TIME : 3 HOURS

**PART - III**

**23UBP306– CORPORATE ACCOUNTING**

**SECTION – A**

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

**ANSWER THE FOLLOWING QUESTIONS.**

**(K1)**

1. A Company cannot issue \_\_\_\_\_.
  - a) Redeemable equity shares
  - b) Redeemable Preference shares
  - c) Redeemable debentures
  - d) Fully convertible debentures
2. Preference shareholders have preferential right \_\_\_\_\_.
  - a) As to dividend only
  - b) In the management
  - c) As to repayment of capital at the time of liquidation of the company
  - d) As to dividend and repayment of capital at the time of liquidation of the company
3. The amount of capital with which the company intends to get registered is known as \_\_\_\_\_.
  - a) Issued capital
  - b) Subscribed capital
  - c) Authorized capital
  - d) Called – up capital
4. The Banking Regulation Act was established in the year \_\_\_\_\_.
  - a) 1947
  - b) 1949
  - c) 1948
  - d) 1956
5. In Life Insurance, the policy amount is payable \_\_\_\_\_.
  - a) After the death of the assured
  - b) After the expiry of the policy period
  - c) On death of the insured or on expiry of policy period whichever is earlier
  - d) Only when the insured has incurred loss

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

**(K2)**

6. What is meant by forfeiture of shares?
7. Define Debenture.
8. Infer Managerial Remuneration.
9. What is rebate on bills discounted?
10. Expand IRDA.

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**(CONTD .... 2)**

**SECTION – B****(5 X 5 = 25 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)**

11. a) Batli Bai Company issued 50000 equity shares of Rs. 10 each to the public on condition that full amount of shares will paid in lump sum. All the shares were taken up by the public.

Show the Journal entries when

- a. Shares are issued @ par.
- b. Shares are issued @ a premium of 10%.
- c. Shares are issued @ a discount of 10%.

**(OR)**

- b) Walter Limited purchased Land & Building costing Rs. 20,00,000 and in payment allotted 20,000 equity shares of Rs. 100 each of fully paid. Further the company issued 40,000 equity shares to the public. The shares were payable as follows:

On Application	-	Rs. 20
On Allotment	-	Rs. 40
On Call	-	Rs. 40

The public applied for all the shares which were allotted. All money were received.

Show the journal entries in the books of the company.

12. a) Quartz Ltd issued 1000, 8% debentures of Rs. 100 each. Show the Journal entries in the books of the company, if the debenture were issued as follows:
1. Issued at par, redeemable at par
  2. Issued at a discount of 5%, repayable at par
  3. Issued at a premium of 10%, repayable at par

**(OR)**

- b) Describe the types of Preference shares.

13. a) The following ledger balances were extracted from the books of Varun Ltd., as on 31.3.2018

Land & Buildings Rs. 2,00,000	12% Debentures Rs. 2,00,000
Share Capital Rs. 10,00,000	Plant & Machinery Rs. 8,00,000
Goodwill Rs. 2,00,000	(Fully paid equity shares of Rs. 10 each)
Investment in shares of Raja ltd Rs. 2,00,000	General reserve Rs. 1,95,000
Stock Rs. 1,00,000	Bills receivable Rs. 50,000
Debtors Rs. 1,50,000	Creditors Rs. 1,00,000
Bank loan (Unsecured) Rs. 1,00,000	Provision for tax Rs. 50,000
Proposed dividend Rs. 55,000	

Show the B/S of the company as per Revised Schedule VI Part I of the Companies Act 1956.

**(OR)****(CONTD .... 3)**

b) Describe the remuneration payable to different categories of Managerial Personnel?

14. a) The Trial balance of the Nagarjuna Bank Ltd., as on 30<sup>th</sup> June 2014 shows the following balances:

Interest and Discount	Rs. 45,40,600
Rebate on bills discounted (1.7.2013)	Rs. 4,750
Bills Discounted and Purchased	Rs. 3,37,400

The unexpired discount as on 30.6.2014 is estimated to be Rs. 5,560. Show the necessary adjusting entries and calculate the amount of interest and discount to be credited to P & L account.

(OR)

b) From the following particulars, Show the Profit & Loss Account of New Bank Ltd for the year ending 31<sup>st</sup> December 2016

	Rs.		Rs.
Interest on loans	2,60,000	Interest on cash credits	2,25,000
Interest on fixed deposits	2,80,000	Rent & Taxes	20,000
Rebate on bills discounted	50,000	Interest on overdrafts	56,000
Commission charged to customers	9,000	Director's & Auditor's fees	4,000
Establishment expenses	56,000	Interest on Savings bank a/c	70,000
Discount on bills discounted	2,00,000	Postal expenses	2,000
Interest on current a/c	45,000	Sundry expenses	2,000
Printing & advertisement	3,000		

15. a) The Life fund of a Life Insurance Company on 31.3.2016 showed a balance of Rs. 54,00,000. However, the following items were not taken into account while preparing the Revenue a/c for 2015 – 16:

i. Interest & dividends accrued on investments	Rs. 20,000
ii. Income tax deducted at source on the above	Rs. 6,000
iii. Reinsurance claims recoverable	Rs. 7,000
iv. Commission due on reinsurance premium paid	Rs. 10,000
v. Bonus in reduction of premium	Rs. 3,000

Show the Statement showing Life fund.

(OR)

b) The following balances are abstracted from the books of New Bharath Life Insurance Co., Ltd., as on 31.3.2016

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(CONTD .... 4)

Particulars	Rs. in 000's	Particulars	Rs. in 000's
Life Assurance Fund (1-4-2015)	15,00,000	Claims paid during the year	64,900
Premiums	4,96,000	Annuities	2,050
Consideration for annuities granted	15,000	Bonus in reduction of premiums	1,600
Interest and dividends	1,00,000	Medical fees	2,400
Fines for revival of policies	750	Surrenders	4,000
Re-insurance premium	20,750	Commission	18,650
Claims o/s on 1-4-2015	4,500	Management Expenses	22,000
		Income tax on dividends	8,500

Show Revenue account after making the following adjustments:

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

### SECTION – C

(5 X 8 = 40 MARKS)

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

(K4 (Or) K5)

16. a) Anusha Ltd invited applications for 20,000 shares of Rs. 100 each payable as follows

On Application	-	Rs. 25
On Allotment	-	Rs. 35
On Call	-	Rs. 40

25000 shares were applied for. The directors accepted applications for 20000 shares and rejected the remaining applications. All money were duly received. Prepare the Journal entries and Balance sheet.

(OR)

- b) Ambal Ltd issued 2000 shares of Rs. 100 each @ a premium of 10% payable as follows:

On Application	-	Rs. 25
On Allotment	-	Rs. 35 (Including Premium)
On First Call	-	Rs. 20
On Final Call	-	Rs. 30

1800 shares were applied for and allotted. All the money was received with the exception of First & Final call on 200 shares held by Raju. These shares were forfeited. Prepare the Journal entries & Balance Sheet.

(CONTD ....5)

17. a) On 30<sup>th</sup> June 2008, the balance sheet of Sun India Ltd stood as follows:

<b>Liabilities</b>	<b>Amount</b>	<b>Asset</b>	<b>Amount</b>
Share Capital:		Sundry Assets	14,00,000
Equity share Capital	10,00,000	Bank	5,00,000
Redeemable Preference			
Share Capital	4,00,000		
Profit & Loss a/c	3,00,000		
Sundry Creditors	2,00,000		
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	19,00,000		19,00,000
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On the above date, the preference shares had to be redeemed. For this purpose, 2000 equity shares of Rs.100 each were issued at Rs.110. The Company also issued 8% debentures totaling Rs. 3,00,000. The shares & Debentures were immediately subscribed and paid for. The preference shares were duly redeemed. Prepare the journal entries and Balance Sheet.

(OR)

- b) Discuss the kinds of debentures.
18. a) Moon and Star Co. Ltd, is a company with an authorized capital of Rs. 5,00,000 dividend into 5,000 equity shares of Rs. 100 each on 31.12.2009 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.2003.

**TRIAL BALANCE OF MOON & STAR CO. LTD.**

<b>Debit</b>	<b>RS.</b>	<b>Credit</b>	<b>RS.</b>
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 31.3.04)	6,720	Reserves	25,000
Salaries	18,500	Loan from managing director	15,700
Rent	6,000	Share capital	2,50,000
General expenses	8,950		
Printing	2,400		
Advertisements	3,800		
Bonus	10,500		

Debit	RS.	Credit	RS.
Debtors	38,700		
Plant	1,80,500		
Furniture	17,100		
Bank	34,700		
Bad debts	3,200		
Calls-in-arrears	5,000		
	<b>6,60,270</b>		<b>6,60,270</b>

Prepare Profit & Loss account for the year ended 31.12.2003 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 15.8.03 for 6 months ending June 30, 2003 @ 6%.
- (OR)**

b) The Auto parts manufacturing Co, Ltd., was registered with an authorized capital of Rs. 7,50,000 divided into 3,000 6 % cumulative preference shares of Rs. 100 each and 4,500 equity shares of Rs. 100 each. The following are the balances taken as on 31.12.98.

PARTICULARS	Rs.	PARTICULARS	Rs.
Stock on 1.1.98	2,41,500	Share capital	
Delivery expenses	1,02,000	3,000 6% cumulative preference shares of Rs. 100 each	3,00,000
General expenses	21,000	3,000 equity shares (Rs. 75 called up)	2,25,000
Bills receivable	6,000	General reserve	82,722
Investments:		P&L a/c (Cr)	58,500
6,000 shares of Rs. 10 each in Sunrise Co. Ltd.	60,000	Sales	9,18,600
Preference dividend half year 30.6.1998	9,000	5% debentures	2,10,000
Bank balance	97,500	Trade creditors	1,25,520
Goodwill	1,00,000	Provision for taxation	8,800
Trade debtors	1,67,500		
Free hold properties at cost	3,90,000		
Salaries	1,03,500		

PARTICULARS	Rs.	PARTICULARS	Rs.
Rent & Rates	38,250		
Furniture at cost	75,000		
Purchases	4,76,500		
Freight & carriage inwards	3,750		
Debenture interest (half year)	5,250		
Final dividend for 1997	20,250		
Cash in hand	12,145		
	<b>19,29,145</b>		<b>19,29,145</b>

Prepare Profit & Loss a/c for the year ended 31.12.1998 and Balance Sheet at that date after taking the following into account:

- i) Closing stock Rs. 2,15,000
- ii) Depreciation: 2 ½% on freehold property and 6% furniture.
- iii) Bills receivable for Rs. 2,500 maturing after 31.12.1998 has been discounted with bank.
- iv) Directors proposed to pay second half year's dividend on pref. shares.
- v) 10% dividend on equity shares is proposed.
- vi) Provide 5% towards reserve for doubtful debts on trade debtors.
- vii) Provide for corporate dividend tax.

19. a) On 31<sup>st</sup> December 2016, the following balances stood in the books of Asian Bank Ltd after preparation of its P & L a/c.      **in 000's**      **in 000's**

Issued share capital	4,000	Cash in hand	380
Reserve fund	6,200	Cash with Reserve Bank	10,000
Fixed deposits	42,600	Cash with other banks	6,000
Savings bank deposits	19,000	Bills discounted & purchased	3,800
Current accounts	23,200	Loans, Cash credits & OD	51,000
Money at call and short notice	1,800	Bills payable	70
Investments	25,000	Unclaimed dividend	60
Profits & Loss a/c (Cr)	1,350	Rebate on bills discounted	50
1.1.2016	400	Short loans (Borrowing from	
Dividend for 2015	2,950	other banks)	4,750
Premises		Furniture	1,164
		Other assets	336
		Net profit for 2016	1,550

Prepare balance sheet of the bank 31<sup>st</sup> December 2016.

b) Write the format of Balance sheet of Banking Company.

20. a) From the following balances extracted from the books of the LIC as at 31.3.2016, Prepare a Revenue Account in the prescribed form:

Particulars	Rs. in 000's	Particulars	Rs. in 000's
Claims by death	330000	Life Assurance Fund (1.4.15)	6331000
Claims by maturity	215000	Premiums	2065000
Agent's allowance	26500	Bonus in reduction of premiums	1000
Salaries	44200	Income tax on interest & Dividend	5700
Travelling expenses	1200	Printing & Stationery	13900
Director's fees	8700	Postage & Telegrams	14300
Auditor's fees	1000	Receipt stamps	2300
Medical fees	52000	Reinsurance premiums	40950
Commission	218000	Interest & Dividend (Gross)	272000
Rent	2800	Policy renewal fees	9600
Law charges	200	Assignment fees	540
Advertising	4300	Endowment fees	690
Bank charges	1500	Transfer fees	1400
General charges	2000		
Surrenders	47500		

Provide Rs. 1500 thousands for depreciation of furniture and Rs. 2,20,000 thousands for depreciation on investments. (OR)

b) Write the format of Fire Revenue account.

**Ethical paper**

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