



K16U 1474

Reg. No. :

Name :

V Semester B.B.A. Degree (CCSS – Supple./Imp.)
Examination, November 2016
BBA CORE COURSE
5B09 BBA : CORPORATE ACCOUNTING
(2012-13 Admissions)

Time : 3 Hours

Max. Weightage : 30

PART – A

This Part consist of **two** bunches of question carrying **equal** weightage of **one**. Each bunch consist of **four** objective type questions. Answer **all** questions.

- I. 1. The amount set aside out of profits to meet any future loss is known as
 - a) Reserve
 - b) Liability
 - c) Provision
 - d) Contingency
2. Rebate on bills discounted is another name for
 - a) Expired discount
 - b) Unexpired discount
 - c) Earned discount
 - d) Received discount
3. In the case of marine hull insurance, reserve for unexpired risk is to be maintained @ _____ % of net premium.
 - a) 50%
 - b) 80%
 - c) 100%
 - d) 20%
4. In internal reconstruction the company is _____
 - a) Liquidated
 - b) Amalgamated
 - c) Absorbed
 - d) None of these

(W=1)

P.T.O.



- II. 5. Sinking Fund for redemption of debentures is an example of _____ reserve.
6. Irrecoverable assets are termed as _____ assets.
7. Life Insurance is a contract of _____
8. For reducing capital, a _____ resolution is to be passed in the general meeting of the company. (W=1)

PART – B

Answer **any eight** questions in **one or two** sentences **each**. **Each** question carries a weightage of **one**.

9. What is meant by divisible profit ?
10. What is meant by preliminary expenses ?
11. What is pooling of interest method ?
12. What is external reconstruction ?
13. What is alteration of capital ?
14. What is non-banking asset ?
15. What is cash credit ?
16. What is meant by amalgamation ?
17. What do you mean by intrinsic value ?
18. What is Life Assurance Fund ? (W= 8×1=8)

PART – C

Answer **any six** questions. Answer **not** to exceed **one** page. **Each** carries a weightage of **two**.

19. The Revenue Account of a Life Insurance Company showed a fund of Rs. 10,30,000 before considering the following :
- 1) Bonus utilized in reduction of premium Rs. 82,000
 - 2) Claims intimated but not admitted Rs. 98,000
 - 3) Interest accrued on investments Rs. 10,000



- 4) Provision for taxation Rs. 30,000
- 5) Premium outstanding Rs. 60,000
- 6) Claims covered under reinsurance Rs. 50,000.

Show the true life assurance fund.

- 20. What is NPA ? When a loan is treated as NPA ?
- 21. Distinguish between amalgamation and absorption.
- 22. A Ltd. takes over B Ltd. for Rs. 1,00,000 payable in shares of Rs. 10. Their Balance Sheet are as follows :

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
	A	B		A	B
Share capital (Rs. 10)	2,00,000	80,000	Fixed asset	50,000	20,000
Creditors	40,000	20,000	Stock	60,000	30,000
			Other current asset	1,30,000	50,000
	2,40,000	1,00,000		2,40,000	1,00,000

Stock of A Ltd. including Rs. 10,000 purchased from B Ltd. on which B Ltd. made 20% profit on selling price. B Ltd.'s stock Rs. 6,000 purchased from A Ltd. On which A Ltd. made 20% profit on cost.

Draft Balance Sheet of A Ltd. after absorption and pass entries in the books of A Ltd.

- 23. A company has equity share capital of Rs. 10,00,000 consisting 10,000 shares of Rs. 100.
 - a) It is resolved to sub-divide the shares into shares of Rs. 10 each.
 - b) To ask the share holders to surrender 50% of their shares.
 - c) To issue 60% of the surrendered shares to 15% debenture holders of Rs. 4,00,000 in full settlement of their claims.
 - d) To cancel the unissued surrendered shares.

Give entries in the books of the company.



24. X Ltd., was incorporated on 1st March 2008 and received its certificate of commencement on 1st April 2008. The company bought the business of M/S Y and Co; with effect from 1st November 2007. From the following figures relating to the year ending October 2008. Find out the available profit for dividend.

1) Sales for the year were Rs. 6,00,000 out of which sales up to 1st March were Rs. 2,50,000.

2) Gross profit for the year was Rs. 1,80,000.

3) The expense debited to Profit and Loss Account were :

Rent	9,000	Advertising	18,000
Salaries	15,000	Stationary printing	3,600
Directors fee	4,800	Commission on sales	6,000
Interest on debentures	5,000	Bad debts (500 relate to debt created prior to incorporation)	1500
Audit fees	1,500	Interest to vendor (on purchase consideration upto 1 st May 2008)	3,000
Discount on sales	3,600		
Depreciation	24,000		
General expenses	4,800		

25. The accounts of the Big Ltd., showed an amount of Rs. 1,00,000 to the credit of Profit and Loss Account on 31st March 2005 out of which the Directors decided to place Rs. 20,000 to General Reserve and Rs. 5,000 to Debenture Redemption Fund. At the Annual General Meeting held on 15th June 2005, it was decided to place Rs. 10,000 to a development reserve and to pay a bonus of $2\frac{1}{2}$ of the profit to the directors as additional remuneration. The payment of the half-yearly dividends on Rs. 2,50,000 5% cumulative preference share on September 30th 2004 and March 31st 2005 was confirmed, and a dividend at the rate of 10% was declared on the equity share capital of the face value of Rs. 3,00,000. The balance of Profit and Loss Account to be carried forward to the next year. Ignore corporate dividend tax. Make out Profit and Loss Appropriation Account showing the above arrangements.

26. Distinguish between Internal Reconstruction and External Reconstruction.

(W= 6×2=12)



PART – D

Answer **any two**. Each question carries a weightage of **four**.

27. Following is the Trial Balance of Ramakrishna Company Ltd. Delhi as on 31-12-2010.

Particulars	Dr. Amount	Cr. Amount
Share capital (8000 shares of Rs. 10 each)		80,000
Stock (1-1-2010)	51,000	
Purchase and sales	2,20,000	3,30,000
Returns	3,800	
General Trading Expenses	1,800	
Wages	12,000	
Salaries	18,700	
Travelling expenses	3,200	
Advertising	1,500	
Rent and taxes	4,900	
Discount received		2,200
Bank interest	900	
Bad debts	2,500	
Buildings	95,000	
Plant and machinery	98,000	
Sundry debtors and creditors	45,000	55,500
Loan		75,000



Cash	1,400	
Reserve fund		23,000
Preliminary expenses	11,000	
P and L A/c (Cr.)		5,000
	5,70,700	5,70,700

Adjustments :

- 1) Provide Rs. 25,000 for taxation.
- 2) Dividend at 15% on share capital is to be provided.
- 3) Transfer Rs. 10,000 to Reserve Fund.
- 4) Stock on 31st December 2010 was valued at Rs. 22,000.

Prepare Trading Account, P & L Account, Profit and Loss Appropriation Account and Balance Sheet.

28. A Ltd. and B Ltd. agreed to amalgamate and form a new Company C Ltd., which will take over all the assets and liabilities of the two companies on the basis of amalgamation in the nature of purchase.

In the case of A Ltd., the assets and liabilities are to be taken over at the book value for shares in C Ltd. at the rate of 5 shares in C Ltd., at the premium of 10% (i.e. Rs. 11 per share) for every four shares in A Ltd.

In the case of B Ltd.

- a) The debentures of B Ltd. would be paid of by the issue of an equal number of debentures in C Ltd. at a discount of 10%.
- b) The holders of 10% Preference Shares of Rs. 100 each in C Ltd. for every five Preference Shares in B. Ltd.
- c) The equity share holders would be allotted sufficient shares in C Ltd. to cover the balance of their accounts after adjusting asset values by reducing plant and machinery by 10% and providing 5% on sundry debtors.

The summarised Balance Sheet of the two companies just prior to amalgamation were as follows :



Liabilities	A Ltd.	B Ltd.	Assets	A Ltd.	B Ltd.
Equity share capital (Shares of Rs. 10 each)	4,00,000	5,00,000	Plant and Machinery	8,00,000	8,00,000
			Stock	65,000	60,000
10% Preference shares of Rs. 100 each		3,00,000	Debtors	95,000	50,000
14% Debentures		2,00,000	P & L A/c	—	1,40,000
			Cash	65,000	40,000
P & L A/c	5,00,000	—			
Contingency reserve	50,000	—			
Creditors	75,000	90,000			
	10,25,000	10,90,000		10,25,000	10,90,000

Show the Journal Entries in the books of A Ltd. and B Ltd.

29. The following are the Ledger Balances of the X Bank Ltd. Prepare P & L A/c and B/S as on 31-3-2010; as the requirements of the Banking Regulation Act.

Share capital:

20,000 shares of Rs. 100 each	20,00,000
Reserve fund investment	10,00,000
General Expenses	1,82,000
Current Accounts	2,02,44,000
Interest paid	1,61,000
Saving Bank Accounts	29,20,000
Fixed Deposits	40,00,000
Profit and Loss A/c, balance brought forward	2,30,000



Discount received	1,80,000
Rebate on bills discounted	64,000
Commission, exchange and brokerage	44,000
Cash	2,27,000
Interest received	5,32,000
Cash with RBI	20,12,000
Owing by foreign correspondents	2,00,000
Short loans	64,82,000
Loans and advances to customers	1,55,85,000
Investments	98,83,000
Bills discounted	62,28,000
Premises	22,18,000

Other Information :

Provision for bad and doubtful debts required Rs. 1,29,000. The bank had bills for collection for its constituents Rs. 5,00,000 and acceptances, endorsements and guarantees Rs. 16,00,000. The P&L A/c balance is the balance left on that account after the payment of interim dividend amounting to Rs. 2,00,000.

(W=2x4=8)
