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Name.....

Reg. No.....

**THIRD SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION  
NOVEMBER 2020**

B.Com.

BCM 3B 04—CORPORATE ACCOUNTING

(2016 Admissions)

Time : Three Hours

Maximum : 80 Marks

**Part A**

*Answer all questions.*

*Each question carries 1 mark.*

- 1) Section 17 of Banking Regulation Act deals with \_\_\_\_\_.
- 2) The purpose of preparing the valuation balance sheet is to ascertain the \_\_\_\_\_ made by the insurance company.
- 3) Policy maturing only on death of the insured is termed as \_\_\_\_\_.
- 4) EPS stands for \_\_\_\_\_.
- 5) The way of presenting balance sheet in two parts is called \_\_\_\_\_.
- 6) Banks show provision for income tax under the head :
  - a) Contingency accounts.
  - b) Contingent liability.
  - c) Other liabilities and provision.
  - d) Borrowings.
- 7) Right issue is also called \_\_\_\_\_.
  - a) Stock shares.
  - b) Pre-emptive right.
  - c) Capital shares.
  - d) Risk shares.
- 8) Rebate on bill discounted is \_\_\_\_\_.
  - a) An item of expense.
  - b) An asset.
  - c) Income received in advance.
  - d) Income outstanding.
- 9) When the insurance company finds the risk as heavy, part of risk is insured with another insurance company. It is termed as :
  - a) Double insurance.
  - b) Reinsurance.
  - c) Surrender value.
  - d) Bonus.

**Turn over**



- 22) The life fund of life assurance company was 86,48,000. The interim bonus paid during the period was 1,48,000. The net liability as determined by actuary was 74,25,000. Surplus brought forward from previous valuation was 8,50,000. The directors of the company proposed to carry forward 9,31,000 and divide balance between shareholders and policyholders in the ratio of 1:10. Calculate amount payable to policyholders .
- 23) An electricity company has a profit after tax (clear profit) 10,20,000. Other relevant particulars are :

Capital base	62,00,000
Loan from electricity board	60,00,000
Development reserve	20,00,000
12% debentures	80,00,000
Income from reserve fund investment	2,00,000
Bank rate	8%

Prepare a statement showing disposal of profit.

- 24) ABC Ltd. issued for public subscription 40,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows On Application Rs. 2, On allotment Rs. 5 (including premium) On first call Rs. 2 and On final call Rs. 3. Applications were received for 60,000 shares Allotment was made pro-rata to the applicants of 48,000 shares, the remaining applications were rejected. Money over paid on application was utilized towards sum due on allotment, Ram, the holder of 1600 shares failed to pay the allotment money and call money and Shyam to whom 2000 shares allotted failed to pay the two calls. These shares were subsequently forfeited after the second call. Out of the forfeited shares 3000 shares were reissued at Rs. 8 per share, the whole of Rams's share being included.

Pass entries in forfeiture and reissue.

- 25) Distinguish standard assets, sub-standard asset and loss assets in banking business ?
- 26) Explain briefly the principles of insurance.
- 27) Narrate the advantages and disadvantages of slips system of posting.
- 28) State the advantages and disadvantages of buy-back.

(6 × 4 = 24 marks)

**Turn over**

**Part D (Essay Questions)***Answer any two questions.**Each question carries 15 marks.*

29. The balance sheet of A Ltd and B Ltd as on 31 March 2016 was as follows :

Liabilities	A Ltd	B Ltd	Assets	A Ltd	B Ltd
Share capital			Plant and Machinery	8,00,000	8,00,000
Preference share Capital(10 each)		3,00,000	Profit and Loss account		1,40,000
Equity share capital	40,00,000	5,00,000	Fixed assets	30,50,000	25,00,000
Debentures		2,00,000	Stock	65,000	60,000
Contingency reserve	50,000		Bank	65,000	40,000
Profit and loss account	5,00,000		Debtors	95,000	50,000
Creditors	75,000	90,000			
	10,25,000	10,90,000		10,25,000	10,90,000

A new company C Ltd was formed to take over all the assets and liabilities of A Ltd and B Ltd.

1. In case of A Ltd all assets and liabilities are taken over at book value for shares in C Ltd at the rate of 5 shares in C Ltd at a premium of 10% for every four shares in A Ltd.
2. In case of B Ltd, the holders of 6% preference shareholders will be issued 7% preference shares of C Ltd for every 5 preference shares in B Ltd.
3. The equity shareholders of B Ltd will be issued sufficient number of equity shares in C Ltd after adjusting assets value by reducing 10 % for plant and machinery and 5% for sundry debtors.

Pass Journal Entries and prepare opening balance sheet.

30. From the following particulars, prepare the final accounts of Jaya Bank Ltd for the year ended 31<sup>st</sup> March 2011 : —

Share capital	15,00,000
Reserve Fund	10,00,000
Fixed deposit	20,00,000
Savings bank deposit	30,00,000
Current accounts	70,00,000
Borrowed from the bank	2,00,000
Investments	30,00,000
Premises	12,00,000
Cash in hand	60,000
Cash at bank	28,00,000
Money at call and short notice	3,00,000
Interest accrued and paid	2,00,000
Salaries	80,000
Rent	30,000
Profit and Loss Account (01.04.2010)	1,60,000
Interest earned	4,50,000
Bills discounted	5,00,000
Bills payable	8,00,000
Loans, advances, overdraft and credits	70,00,000
Unclaimed dividends	30,000
Sundry creditors	30,000

The bank had the bills for Rs. 14,00,000 as collection for its constituents and also acceptance and endorsements for them amounting to Rs. 4,00,000.

Turn over

31. From the following trial balance of Guarantee Life Insurance Co. Ltd prepare Revenue Account and Balance Sheet as at 31st March 2011 (figures in 000s) :

Claims paid and outstanding	1,15,200	
Surrenders	3,300	X
Reversionary bonus paid and outstanding	12,300	
Establishment charges	23,500	
Commission to agents	48,500	
Medical fees	10,100	
Directors and auditors fees	24,000	
Stationery and printing	4,800	
Postage and telegram	1,050	
Office rent	4,200	
Sundry expenses	800	
Bank charges and commission	950	
Investments	40,47,400	
Loans and policies	1,74,700	
Outstanding interest	69,800	
Outstanding premiums	23,200	
Cash at bank	29,600	
Fine and fees received		300
Interest and dividend received		2,25,300
Premiums received and outstanding		3,30,800
Premiums received in advance		9,000
Claims admitted but not paid		2,10,000
Claims intimated but not admitted		20,000
Sundry creditors		18,000
Life fund in the beginning of the year		37,80,000
	45,93,400	45,93,400

(2 × 15 = 30 marks)