



K17U 2247

Reg. No. : .....

Name : .....

**V Semester B.B.A. Degree (CCSS – Sup./Imp.)**  
**Examination, November 2017**  
**(2012 and 13 Admissions)**  
**CORE COURSE**

**5 B09 BBA : Corporate Accounting**

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) Life insurance is a contract of \_\_\_\_\_  
2) For unsecured portion of doubtful assets, a \_\_\_\_\_ per cent provision is required.  
3) Dividend is calculated on the \_\_\_\_\_ capital.  
4) Balance in capital reduction is transferred to \_\_\_\_\_ **(W = 1)**
- II. 5) When cost of realisation is met by transferor company, it is recorded in \_\_\_\_\_ a/c.  
a) Share holders  
b) business purchase  
c) goodwill  
d) realisation
- 6) Cash credit is a form of  
a) deposit  
b) advances  
c) investment  
d) none of these
- 7) When the assured sum is payable only on the death of the insured such policy is called ?  
a) whole life policy  
b) annuity policy  
c) endowment policy  
d) joint policy
- 8) A Ltd. takes over the assets of worth ₹ 4 lakhs of B Ltd. and liabilities of 1 lakh. The purchase consideration is ₹ 2,50,000. The result is \_\_\_\_\_  
a) goodwill of ₹ 50,000  
b) goodwill of ₹ 3,00,000  
c) capital reserve ₹ 50,000  
d) None of these **(W = 1)**

P.T.O.



## PART – B

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

9. What is meant by amalgamation ?
10. What is money at call and short notice ?
11. What is meant by re-insurance ?
12. What are divisible profits ?
13. What is purchase consideration ?
14. What do you mean by profit prior to incorporation ?
15. What is NPA ?
16. What is alteration of capital ?
17. What do you mean by annuity ?
18. What do you mean by authorised capital ? (W = 8×1=8)

## PART – C

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

19. What is meant by rebate on bills discounted ? Give journal entry to record rebate on bills discounted.
20. What are the opening journal entries in the books of the purchasing company ?
21. Distinguish between internal reconstruction and external reconstruction.
22. From the following details, compute the amount of provisions required to be made in the P and L A/c of a commercial bank for the year 2016-2017.

	₹
Standard Assets	10,00,000
Sub-standard Assets	5,00,000
Loss Assets	60,000





Doubtful Assets :

For one year	2,00,000
For two years	1,00,000
For four years	50,000

23. Give journal entries for the following transactions in connection with internal reconstruction.

- 1) 10,000 equity shares of ₹ 10 each fully paid reduced to shares of ₹ 5 each fully paid.
- 2) 100, 8% debentures of ₹ 1,000 each converted into 500, 6% debentures of ₹ 100 each.
- 3) The debit balance of profit and loss account ₹ 50,000 and preliminary expenses of ₹ 10,000 were written off.
- 4) The value of plant and machinery and stock were written down by ₹ 20,000 and ₹ 10,000 respectively.

24. A Life insurance company gets its valuation made once in every two years. Its life Assurance Fund on 31<sup>st</sup> December 2016 amounted to ₹ 80,00,000 before providing ₹ 80,000 for the shareholders dividend for the year 2016. Its actuarial valuation done on 31<sup>st</sup> December 2016 disclosed a net liability of ₹ 76,00,000 under assurance annuity contracts. An interim bonus of ₹ 1,00,000 was paid to the policy holders during the two years ending 31<sup>st</sup> Dec. 2016.

Prepare a statement showing the amount now available as bonus to policy holders.

25. Following is the balance sheet of Joyson Ltd. as on 31-12-2016.

Liabilities	Amount	Assets	Amount
	₹		₹
Share capital 80,000 equity shares of ₹ 10 each	8,00,000	Goodwill	3,00,000
General Reserve	1,60,000	Land and Building	2,60,000
P and L A/c	1,40,000	Plant and Machinery	1,75,000
		Investment	1,00,000



10% Debentures	3,00,000	Stock	2,75,000
Creditors	75,000	Debtors	90,000
Bills payable	25,000	Bank	60,000
		Preliminary Expenses	2,40,000
	<b>15,00,000</b>		<b>15,00,000</b>

Joy Ltd. takes over all assets and liabilities of the above company. For this purpose, the assets and liabilities are revalued as follows :

Land and building ₹ 3,00,000, Plant and machinery 10% less than book values, investments at ₹ 1,35,000. Creditors are taken over at ₹ 70,000. Goodwill is valued at ₹ 4,00,000. Calculate purchase consideration.

26. New Life India Insurance Company Ltd. had a paid up capital of ₹ 10,00,000 divided into shares of ₹ 10 each. Its net liability on all contracts in force as on 31-3-2015 was ₹ 96,00,000 and on 31-3-2014 this liability was ₹ 84,00,000. The company had paid on interim bonus of ₹ 2,60,000 and 20% of the surplus is to be allocated to shareholders, 20% reserve and balance being carried forward.

The following figures are extracted from the books of the company for the year ended 31-3-2015

	₹
Premium less reinsurance premium	57,20,000
Interest, dividend and rent	28,00,000
Fees	16,000
Income tax	4,40,000
Management expenses	7,00,000
Annuities paid	50,000
Commission	2,20,000
Surrenders	3,20,000
Surplus on revaluation of reversions	20,000
Reinsurance irrecoverable	16,000
Claims less reinsurance claim	34,00,000
Consideration for annuities granted	1,60,000

Prepare Revenue Account.

(W = 6×2=12)





PART – D

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

- 27. Distinguish between life insurance and general insurance business.
- 28. From the following Trial Balance and other information of Jai Hind Ltd, prepare final accounts for the year ending 31-12-2015.

	Debit ₹	Credit ₹
Land and Building	1,00,000	—
Paid up capital (Shares of ₹ 100 each)	—	1,20,000
Reserve Fund	—	32,000
Purchases and Sales	1,92,000	3,56,000
Salaries	24,800	—
Wages	18,400	—
Preliminary expenses	16,000	—
Interest	—	4,800
P and L Appropriation A/c	—	64,500
Carriage	8,400	—
Stock (1-1-2015)	60,000	—
Returns	12,800	16,400
Audit fees	8,400	—
Freight	8,200	—
Interim dividend	7,200	—
Bills receivable and Payable	25,400	20,800
Calls in arrears	8,000	—
Cash in hand and at bank	10,400	—
Goodwill	24,800	—
Debtors and Creditors	28,200	35,600
Investment	34,000	—



Furniture	28,000	—
6% Debentures	—	80,000
Bank overdraft	—	10,400
Plant and Machinery	1,20,000	—
Bad debts	5,500	—
	<b>7,40,500</b>	<b>7,40,500</b>

**Adjustments :**

- 1) Closing stock ₹ 43,200.
- 2) Depreciate Furniture by 5% and machinery by 10%.
- 3) Provide reserve for doubtful debts at 5%.
- 4) Write off preliminary expenses by 20%.
- 5) Transfer ₹ 24,000 to Reserve Fund.
- 6) Provide for debenture interest for one year.

29. From the following balances, prepare balance sheet of Southern Bank Ltd. as on 31-3-2013.

	₹
Equity share capital	20,00,000
Statutory reserve (after transferring 25%)	10,00,000
Capital Reserve	4,00,000
Securities premium	4,00,000
P and L A/c balance	14,00,000
Demand deposit	24,00,000
Term Deposit	20,00,000
Savings bank deposit	28,00,000
Borrowing from RBI	24,00,000
Borrowing from other banks	1,05,40,000
Bills payable	30,00,000
Inter-office adjustments (Cr.)	14,00,000



Cash in hand	14,00,000
Balance with RBI	25,40,000
Money at call and short notice	45,00,000
Investments in Govt. Securities	28,00,000
Investment in shares	25,00,000
Gold	20,00,000
Term loans	50,00,000
Cash Credits	35,00,000
Overdraft	30,00,000
Premises	25,00,000
Rebate on bills discounted	1,00,000
Non-banking asset	70,000
Furniture	30,000

The authorised capital of the bank is 40,00,000 in equity shares of ₹ 10 each. There is a contingent liability on account of acceptances and endorsements ₹ 3,00,000. The bank has bills for collection amounting to ₹ 10,00,000 on 31<sup>st</sup> March 2013.

(W = 2x4=8)