



K18U 1755

Reg. No. :

Name :

V Semester B.B.A. Degree (CCSS-Supplementary) Examination,
November 2018

(2012 and '13 Admissions)

(Core Course)

5B09 BBA : CORPORATE ACCOUNTING

Time : 3 Hours

Max. Weightage : 30

PART – A

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

- I. 1) Re-insurance is generally found in _____ insurance.
2) Income from standard assets is to be recognised on _____ basis.
3) Company can arrange its assets in the Balance Sheet in the order of ____
4) Pooling of interest method is applicable for amalgamation in the nature of _____
(W = 1)
- II. 5) The capital reduction account is used
a) to write off losses b) to transfer to capital reserve
c) to issue bonus shares d) none of these
- 6) _____ is a device of reducing the risk under-taken by an insurance company.
a) Double insurance b) Re-insurance
c) Risk insurance d) None of these
- 7) Banks show provisions for income-tax under the head
a) Contingent liability b) Contingent asset
c) Borrowing d) Other liabilities and provisions
- 8) Preliminary expense is an example of
a) fixed asset b) current asset
c) investment d) fictitious asset
(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 do you mean by internal reconstruction ?
10. What are standard assets ?
11. What is meant by claims ?
12. What is meant by consolidation of shares ?
13. Briefly explain inter-office adjustments.
14. State the important types of general insurance.
15. What is commission on reinsurance ceded ?
16. What are contingent assets ?
17. What are provisions ?
18. What is amalgamation in the nature of purchase ? (W = 8×1=8)

PART – C

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

19. How will you treat interest on doubtful debts ?
20. How will you create reserve for unexpired risk in case of fire insurance and marine insurance ?
21. Distinguish between Profit and Loss A/c and Profit and Loss Appropriation A/c.
22. In respect of the following transactions of Safety Bank Ltd. you are required to pass necessary journal entries in respect of year ended 31-12-2010.

The following bills are discounted at 5%.

Discounted on	Amount (₹)	Term (months)
23-12-2010	50,000	3
19-09-2010	1,00,000	4
20-10-2010	4,00,000	3
30-11-2010	30,000	5



23. The life assurance fund of a life insurance company showed a life assurance fund of ₹ 24,60,000 before considering the following :

	₹
1) Interest and dividend on investments (tax deducted at source of ₹ 80,000)	3,00,000
2) Reinsurance claims recoverable	80,000
3) Bonus in reduction of premium	10,000
4) Commission due on reinsurance ceded	70,000
5) Premium outstanding	15,000

Compute true life assurance fund.

24. The Balance Sheet of A Ltd. and B Ltd. as at 31-3-2011 are as follows :

	A Ltd.	B Ltd.		A Ltd.	B Ltd.
Share capital (₹ 10 each)	2,00,000	1,50,000	Goodwill	40,000	30,000
General reserve	35,000	20,000	Land and Building	90,000	60,000
P & L A/c	20,000	25,000	Plant and Machinery	75,000	56,000
Debentures	50,000	40,000	Debtors	58,000	47,500
Sundry creditors	25,000	15,000	Stock	52,000	51,800
			Cash at bank	15,000	4,700
	3,30,000	2,50,000		3,30,000	2,50,000

The companies decide to amalgamate into a new company C Ltd. which will take over the assets and liabilities of these two companies on the following terms :

A Ltd. : Holders of each share of ₹ 10 in the company would receive one share of ₹ 10 each ₹ 5 paid up and ₹ 4 in cash.

B Ltd. : Holders of each share of ₹ 10 in the company would receive one share of ₹ 10 each in C Ltd. at a market value of ₹ 12 each of C Ltd. and ₹ 2 in cash. The liquidation expenses of the two companies of ₹ 5,000 and ₹ 3,000 respectively were met by C Ltd. C Ltd. agrees to pay ₹ 15,000 cash to discharge the creditors. Calculate Purchase Consideration.



25. A company carried forward balance of ₹ 40,000 from P & L A/c from the year ended 31 March 2010. During the year 2010-11 it made a further profit of ₹ 3,10,000 before providing taxation. It was decided that the following decisions carried out.

- a) Provision for taxation ₹ 1,50,000
- b) Dividend equalisation reserve ₹ 25,000
- c) Dividend on 8% preference shares of ₹ 2,00,000
- d) Dividend at 15% on 30,000 equity shares of ₹ 10 each fully paid.
- e) General reserve ₹ 35,000 and
- f) Development rebate reserve ₹ 35,000.

Prepare P & L Appropriation A/c.

26. Prepare the Profit and Loss A/c of the Karnataka Bank Ltd. for the year ending 31-3-2011 from the following information.

	₹
Interest on deposits	32,00,000
Commission (Cr.)	1,00,000
Interest on loans	24,90,000
Sundry charges (Dr.)	1,00,000
Rent and taxes	2,00,000
Establishment	5,00,000
Discount on bills discounted	14,90,000
Interest on overdrafts	16,00,000
Interest on cash credits	23,20,000
Auditors fees	35,000
Directors fees	16,000
Bad debts to be written off	3,00,000

(W = 6x2=12)



PART – D

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

27. Following is the Balance Sheet of Essar Ltd. as on 31-3-2012.

	₹		₹
50000 equity shares of ₹ 10	5,00,000	Goodwill	2,00,000
General reserve	1,00,000	Land and Buildings	1,70,000
P & L A/c	72,000	Plant	3,00,000
8% debentures	2,00,000	Stock	80,000
Creditors	28,000	Sundry debtors	1,00,000
		Cash at bank	20,000
		Preliminary expenses	10,000
		Discount on issue of shares	20,000
	9,00,000		9,00,000

On the above date, Deccan Ltd. took over the above business for ₹ 7,50,000 to be discharged ₹ 7,00,000 in equity shares of ₹ 10 each and ₹ 50,000 in cash. Essar Ltd. paid liquidation expenses ₹ 10,000.

Give journal entries in the books of Essar Ltd. Also show important Ledger Accounts.

28. Following is the Trial Balance of Southern Life Insurance Company as on 31-3-2012.

Debit Balance	(₹ '000)	Credit Balance	(₹ '000)
Claims by death	76,980	Life Assurance Fund	14,70,592
Claims by maturity	36,420	(1-4-2011)	
Management expenses	19,890	Premium	2,10,572
Commission	26,541	Consideration for annuities	10,620
Dividend	20,000	Interest (Gross)	52,461
Income tax on interest	3,060	Registration fees	92
Annuities	51,280	Claims outstanding	22,350



Bonus	11,950	Share capital	4,00,000
Preliminary expenses	200	Annuities outstanding	80,034
Stamps in hand	400		
Fixed assets	4,20,000		
Investments	10,70,890		
Loans	5,09,110		
	22,46,721		22,46,721

Prepare Revenue A/c and Balance Sheet after considering the following :

(₹ '000)

- | | |
|------------------------------------|-------|
| 1) Management expenses outstanding | 600 |
| 2) Premium outstanding | 7,400 |

29. Sreedevi Ltd. was registered with a nominal capital of ₹ 5,00,000 divided into shares of ₹ 100 each. The following Trial Balance is extracted from the books on 31 March 2010.

	Debit (₹)		Credit (₹)
Buildings	2,90,000	Sales	5,20,000
Machinery	1,00,000	Salaries outstanding	2,000
Closing stock	90,000	Provision for bad debt (1-4-2009)	3,000
Purchases (adjusted)	2,10,000	Share capital	2,00,000
Salaries	60,000	General reserve	40,000
Directors fees	10,000	Profit and Loss	25,000
Rent	26,000	Creditors	92,000
Depreciation	20,000	Provision for depreciation	
Bad debts	6,000	on building	50,000
Interest accrued		on machinery	<u>55,000</u>
on investment	2,000	14% debentures	2,00,000



1200 shares of Amitab Ltd.

of ₹ 8 paid up	1,20,000	Interest on debentures	
Debenture interest	28,000	accrued but not due	14,000
Loose tools	23,000	Interest on investment	12,000
Advance tax	60,000	Unclaimed dividend	5,000
Sundry expenses	18,000		
Debtors	1,25,000		
Bank	30,000		
	12,18,000		12,18,000

You are required to prepare Trading and Profit and Loss Account for the year ending 31 March 2010 and Balance Sheet as at that date after taking into consideration the following information :

- Closing stock is more than opening stock by ₹ 80,000.
- Provide for bad and doubtful debts @ 4% on debtors.
- Make a provision for income tax @50%.
- Depreciation expenses include depreciation of ₹ 8,000 on building and that of 12,000 on machineries.
- Directors recommend a dividend @ 25%.

(W = 2×4=8)