

Reg. No. :

Name :

Fourth Semester B.Com. Degree Examination, March 2020

First Degree Programme Under CBCSS

Core Course : CO 1443/CC 1444

CORPORATE ACCOUNTING

(Common for Commerce/Commerce with Computer Application)

(2018 Admission)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **all** questions in one or two sentences each. Each carries 1 mark.

1. What do you mean by diluted EPS?
2. What do you mean by accounting standards?
3. What do you mean by subdivision of shares?
4. Distinguish between internal and external reconstruction.
5. What do you mean by EPS?
6. What is EBT?
7. What do you mean by life insurance?

8. What do you mean by financial statements analysis?
9. What do you mean by reinsurance?
10. What is IAS?

(10 × 1 = 10 Marks)

SECTION – B

Answer **any eight** questions in not exceeding one paragraph each. Each question carries **2** marks.

11. Write note on internal reconstruction.
12. From the following information, calculate the benefits paid as per the Insurance Regulation Act.

| | |
|---------------------------------------|----------|
| Claims by death | 4,20,600 |
| Annuities | 80,900 |
| Surrenders | 1,12,800 |
| Bonus in cash | 7,800 |
| Bonus in reduction of premium | 10,200 |
| Further bonus in reduction of premium | 5,000 |
| Claims recovered under reinsurance | 47,500 |

13. What are the needs of Accounting Standards?
14. On 1st March 2016 a bill of 5 Lakhs is discounted with a bank @ 18% per annum. The due date of the bill is 30th April 2016. Pass necessary journal entries in the books of the bank assuming that the bill is collected on the due date. Accounting year closes on 31st March every year.

15. Write note on statutory reserve, CRR.
16. What is Capital Adequacy Ratio?
17. What is meant by unexpired risk reserve?
18. On the date of capital reduction, a company finds that its building has appreciated by 80,000 and the value of stock has gone up by 40,000. Pass journal entries.
19. How will you calculate Basic EPS?
20. Write note on internal reconstruction and profit price to incorporation.
21. What is the role of Accounting Standards Board?
22. What are the process in development of Accounting Standards?

(8 × 2 = 16 Marks)

SECTION – C

Answer **any six** questions in about 120 words each. Each question carries **4** marks.

23. As per the capital reduction scheme adopted by a company 5000 7% debentures of Rs. 100 each are to be reduced to Rs. 80 each and the trade creditors have agreed to reduced their claims by 50,000. Journalize.
24. Differentiate between life policy and endowment policy.
25. State the main objective of capital reduction.
26. Distinguish between cash bonus and reversionary bonus.
27. Mention any five ways of alteration of share capital.
28. Write a note on NPA.

29. The following relate to a Life Insurance Company for the year 31st March 2017

| | |
|-------------------------------------------|-----------|
| Premium received during the year | 45,32,000 |
| Outstanding premium on 1.4.2016 | 3,48,000 |
| Outstanding premium on 31.3.2017 | 4,36,000 |
| Premium received in advance on 1.4.2016 | 1,12,000 |
| Premium received in advance on 31.3.2017 | 88,000 |
| Reinsurance premium for 2016-17 | 6,40,000 |
| Bonus in reduction of premium for 2016-17 | 28,000 |

Show the amount of premium to be credited to Revenue Account.

30. Write proforma of Form A form of Balance Sheet.

31. Following balances are extracted from the books of Adarsh general insurance in respect of fire insurance for the year 2011

- Premium less reinsurance = 82,00,000
- Interest dividend less tax = 2,00,000
- Commission on direct business = 4,00,000
- Commission on reinsurance ceded = 1,00,000
- Commission on reinsurance accepted = 1,60,000
- Claims paid less reinsurance = 41,00,000
- Expenses of management = 5,40,000
- Reserve for unexpired risk on 1-1-2011 = 30,00,000
- Additional reserve on 1-1-2011 = 1,00,000

Reserve for unexpired risk to be maintained at 50% of net premium income and additional reserve to be increased by 10% of net premium income.

Prepare Revenue Account.

(6 × 4 = 24 Marks)

SECTION – D

Answer **any two** questions in not exceeding **4** pages each. Each question carries **15** marks.

32. The following is the Balance Sheet of A Ltd. on 31.12.2018.

| | Rs. | | Rs. |
|-----------------------------------------------------|-----------|---------------------|-----------|
| Shares of Rs. 10 each | 10,00,000 | Goodwill | 2,00,000 |
| 10% cumulative preference shares of Rs. 100 each | 2,00,000 | Machinery | 10,00,000 |
| Sundry liabilities | 10,00,000 | Stock | 2,50,000 |
| | | Debtors | 2,00,000 |
| | | Bank | 50,000 |
| | | Profit and loss a/c | 5,00,000 |
| | 22,00,000 | | 22,00,000 |

Preference dividends are in arrears for the last four years. The following scheme is approved by the court.

- (a) Equity shares to reduce to Rs. 1 each
- (b) 50% preference dividend in arrears to be paid in cash immediately and balance of arrears is agreed to be foregone.
- (c) Machinery to be depreciated by 5% and 10% RBD on the debtors to be provided.
- (d) All intangibles assets to be written off
- (e) Balance of reconstruction Account if any to be capitalized.

Prepare the reconstructed balance sheet.

33. The share capital of X Ltd, consist of the following :

- (a) 10000 6% preference shares of Rs. 100 each.
- (b) 50000 equity shares of Rs. 10 each

The shares were fully paid up. The Co. has accumulated losses to the extend of Rs. 3,50,000 , preliminary expenses 20000 and fixed assets overvalued to the extend of Rs. 4,00,000

The scheme of capital reduction permits to write off overvalue of fixed assets, losses and expenses. Under this scheme 6% preference shares are to be converted into 7.5% preference shares of Rs. 60 each and equity shares are converted into shares of Rs. 2 each.

Pass necessary journal entries.

34. What are the applicability of Accounting Standards?

35. Prepare revenue account of fire insurance business.

| | |
|-----------------------------------------|----------|
| Claims admitted but not paid | 50,851 |
| Commission paid | 60,000 |
| Commission on reinsurance ceded | 14,400 |
| Share transfer fee | 2,400 |
| Expenses of management | 93,600 |
| Bad debts | 3,000 |
| Claims paid | 18,000 |
| Premium received less reinsurance | 6,62,400 |
| Reserve for unexpired risk on 1-04-2017 | 2,76,000 |
| Additional reserve on 1.4.2017 | 48,000 |
| Claims outstanding as on 1.4.2017 | 32,400 |
| Dividend on share capital | 22,200 |

The following further information has also to be considered.

- (a) Premium outstanding at the end of the year 48,000
- (b) It is the policy of the company to maintain 50% of premium towards reserve for unexpired risks.
- (c) Additional reserve 10% of net premium to be maintained.

(2 × 15 = 30 Marks)
