

Roll No.

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Total No. of Pages : 04

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BBA (2014 to 2017)/BRDM/B.SIM (2014 & Onwards)
(Sem.-2)

CORPORATE ACCOUNTING

Subject Code : BBA-204

M.Code : 10547

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTION TO CANDIDATES:

1. SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.
2. SECTION-B consists of FOUR Sub-sections : Units-I, II, III & IV.
3. Each Sub-section contains TWO questions each, carrying TEN marks each.
4. Student has to attempt any ONE question from each Sub-section.

SECTION-A

1. Write briefly :
 - a. Forfeiture of share capital
 - b. Rights issues
 - c. Consolidation of accounts
 - d. Holding Company
 - e. Goodwill valuation
 - f. Provision for taxation
 - g. Sources of income of a merchant banker
 - h. Interim dividend
 - i. Drawbacks of computerized accounting
 - j. Bonus shares

SECTION-B

UNIT-I

2. What is amalgamation in the nature of purchase? Differentiate between amalgamation in the nature of merger and amalgamation in the nature of purchase. Discuss accounting entries in the books of transferee.
3. On 1 January 2007, Balu Ltd issued 1000, 6% debentures of Rs.100 each repayable at the end of 4 year at a premium of 10%. It is decided to create a sinking fund for the purpose; the investment is expected to yield 5% net. Sinking fund table shows that Re.0.232012 invested annually amounts to Re. 1 at 5% in 4 years. Investments were made in multiples of 100 only. On 31 December 2010, the balance at the bank was Rs.40000 and the investment realized Rs.82000. the debentures were paid off. Give journal entries and show ledger accounts except for debenture interest.

UNIT-II

4. Explain the procedure and law regarding declaration and payment of dividend by a company. What accounting entries are passed in this connection?
5. Discuss the legal provisions regarding capitalization of profits.

UNIT-III

6. Distinguish between holding and subsidiary company. How valuation of shares and goodwill is done?
7. A Ltd agrees to sell their undertaking to B Ltd on the following terms. B Ltd will pay them Rs.600000 in cash and allot them two fully paid share of Rs.6 each (market value Rs. 7.50 per share) in exchange of every three shares in their own company. A Ltd will pay their liquidation expenses themselves which amounted to Rs.9000. close the books of A Ltd and give opening entries in the books of B Ltd assuming that the amalgamation is in the nature of purchase. The Balance sheet of A Ltd. on the date of amalgamation stood as follows :

Share Capital		Fixed Assets	
120000 equity shares of		Land & Building	450000
Rs. 6 Each, fully paid up	720000	Plant & Machinery	218700
Reserves & Surplus		Current Assets	
General Reserve	360000	Stock	273450
P & L A/c	34168	Sundry Debtors	229500
Creditors	132500	Bank	74280
		Cash	738
	1246668		1246668

UNIT-IV

8. From the following figures taken from the books of Asia Insurance Co. Ltd doing the fire insurance business, prepare the final accounts for the year 2010-2011.

Fire fund on 1st April 2010	930000
General Reserve	450000
Investments	3600000
Premium	2701533
Claims paid	602815
Share capital — Equity shares @ Rs.100 each	900000
Additional Reserve on 1st April 2010	330000
Profit and loss Account (credit)	75000
Reinsurance premium	112525
Claims recovered from reinsurers	21119
Commission on reinsurance ceded	48016
Advance income tax	250000
Agents' balance (Debit)	20000
Commission on direct business	299777
Commission on reinsurance accepted	60038
Outstanding premium	22300
Claims intimated but not paid on 1st April 2010	60000
Expenses of management	431947
Audit fees (General)	36000
Rate and tax (General)	5804
Rent (General)	67500
Income from investments	153000
Sundry creditors	22500
Cash in hand and bank balances	182462

The following further information may also be noted :

- a. Expenses of management include survey fees and legal expenses of Rs.36000 and Rs.20000 relating to claims
- b. Claims intimated but not paid on 31st March 2011 Rs. 104000
- c. Income tax to be provided @55%
- d. Proposed dividend 8%
- e. Transfer to general reserve Rs.200000

Reserve for unexpired risk to be kept @ 40% of net premium

9. What is computerized accounting? Discuss its major advantages and disadvantages.

NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.