

TERM END EXAMINATION - DECEMBER, 2018
DIPLOMA IN ACCOUNTING
DIA-05: COMPANY ACCOUNTS

DIA-05

Total Marks: 100

Time: 3 Hrs.

(Instructions: Answer all the questions from Group A, answer any four questions from Group B & any four questions from Group C and any two questions from Group D)

Group A

Q.1 Multiple-Choice Questions-

(Marks :1×10=10)

- i. The term company is defined under which sec of the Act?
 - a. Sec3(1)
 - b. Sec4(2)
 - c. Sec2(4)
 - d. Sec1(3)

- ii. The amount of capital that a company can issue at par value is called
 - a) Authorised capital
 - b) Share premium
 - c) Issued capital
 - d) Fixed capital

- iii. Shares can be forfeited :
 - a) for non-payment of call money
 - b) for failure to attend meetings
 - c) for failure to repay the loan to the bank
 - d) for which shares are pledged as a security

- iv. _____ is issued in acknowledgement of any indebtedness
 - a) Debenture certificate
 - b) Share certificate
 - c) Share warrant
 - d) None of the above

- v. Amount due on redemption including interest should be claimed with in _____ years.
 - a) 10
 - b) 9
 - c) 8
 - d) 7

- vi. The term 'Financial Statement' covers
 - a) Profit & Loss Statement
 - b) Balance sheet and Profit & Loss Statement appropriation account
 - c) Profit & Loss Statement and Balance sheet
 - d) All of above are false

- vii. A financial statement to show what a business owns and owes at a particular point in time?
 - a) A cash flow statement
 - b) The bank statement for the business
 - c) A balance sheet
 - d) A statement of retained earnings

- viii. P&L statement is also known as
 - a) Statement of operations
 - b) Statement of income
 - c) Statement of earnings
 - d) All of the above

- ix. The Commercial Banks in India are governed by
 - a) Reserve Bank of India Act, 1934
 - b) Indian Companies Act, 1956
 - c) Indian Banking Regulation Act, 1949
 - d) Securities and Exchange Board of India Act, 1993

- x. If an organization wishes to venture into Insurance Business it has to obtain a licence first from which of the following?
- | | |
|------------------------------------|--|
| a) Indian Banks Association (IBA) | b) Security and Exchange Board of India (SEBI) |
| c) Tariff Advisory Committee (TAC) | d) Insurance Regulatory and Development Authority of India (IRDAI) |

Group B

Q.2 Answer any 4 within 50 words each.

(Marks :5×4=20)

- a) What are the essential characteristics of a company?
- b) What is Over Subscription of Shares? Give an example.
- c) What do you mean by Forfeiture of Shares? Give the journal entry for the same.
- d) Explain the meaning of debentures issued as collateral security. Show its treatment in the balance sheet.
- e) What does the Companies Act say on the preparation of a P/L Account?
- f) How are banks classified?

Group C

Q.3 Answer any 4 within in 200 words each-

(Marks:10×4= 40)

- a) Differentiate between Public Company and Private Company.
- b) What is a Share? Describe the different classes of shares into which the share capital is usually divided.
- c) When can the shares be forfeited? Can forfeited shares be issued at a discount? If so, to what extent? Where would you transfer the balance left in the forfeited shares account after such shares have been reissued?
- d) Describe the different methods of redemption of debentures. Give suitable illustrations in support of your answer.
- e) Comment on format of a balance sheet prepared by a company.
- f) Explain the provisions relating to Accounts and Audit of a Bank.

Group D

Q.4 Answer any 2 within 250 words each –

(Marks:15×2= 30)

- a) Give reasons for the increasing popularity of public limited companies as a form of business unit.
- b) ABC Company has issued 10000 equity shares of Rs.10 each at a premium of Rs.4 per share, payable Rs.2 on application, Rs.8 on allotment (including premium), Rs 2 on first call and Rs.2 on second and final call. Over payment on application were to be applied sums due on allotment and calls. Where no allotment was made, application money was refunded in full .The company has received application for 20000 shares. The director sent letters of regret to applicants of 5000 shares and applicants of 15000 shares were allotted the 10000 shares on prorata basis. All money due on allotment and calls were duly received. Pass the journal entries to give effect to these.
- c) Draw up a proforma balance sheet in horizontal form as per schedule VI of the Companies Act.
- d) Write a note on classification and valuation of investments of Banking Companies.