

Exam. Code : 108503

Subject Code : 2742

B.Com. Semester—III

BCG-303 : CORPORATE ACCOUNTING

Time Allowed—3 Hours]

[Maximum Marks—50

Note :— Attempt any **ten** questions from Section A, each question carries **1** mark. Attempt **two** each from Section B and Section C and each question carries 10 marks in Section B and Section C.

SECTION—A

1. Write short notes on any **ten** questions :

- (i) Forfeiture of shares.
- (ii) Minimum Subscription.
- (iii) Under subscription v/s Over subscription.
- (iv) Capital Redemption Reserve.
- (v) Sources of buy back of shares.
- (vi) Distinguish between debenture holder and shareholder.
- (vii) What is meant by 'Redemption by Conversion' ?
- (viii) Treatment of fraction share in amalgamation.

- (ix) Write note on non-banking assets.
- (x) Surrender value.
- (xi) What is bonus in reduction of premium ?
- (xii) Treatment of provision for taxation in the final accounts of a company.

SECTION—B

2. Prepare in a summarized form the Balance Sheet of a Company as per Companies Act, 2013 taking imaginary figures.
3. DCM Limited has the following Balance Sheet as on March 31, 2014.

Liabilities	Rs.	Assets	Rs.
Subscribed Share Capital		Furniture & Fixture	4,15,000
30,000 Equity Shares			
of Rs. 100 each fully paid	30,00,000	Stock	40,65,000
20,000, 10% Redeemable		Debtors	12,30,000
Preference shares of		Cash at Bank	33,60,000
Rs. 100 each, fully paid	20,00,000		
Capital Reserve			
Securities Premium			
General Reserve	25,000		
Profit & Loss Account	10,000		
Sundry Creditors	10,00,000		
Provision for Taxation	20,000		
	18,05,000		
	12,10,000		
	90,70,000		90,70,000

The company decided to redeem all the preference shares at a premium of 10%. For this purpose, it issued new equity shares of Rs. 100 each at a premium of 5% to the **minimum possible extent** utilising the accumulated profits to the maximum possible extent.

Pass journal entries. Show your working clearly.

4. The Balance Sheets of two companies are as follows :

Balance Sheet of A Ltd. as on March 31, 2014

	Rs.		Rs.
Nominal Capital : 50,000 shares of Rs. 10 each	5,00,000	Fixed Assets	3,00,000
Issued Capital : 50,000 shares of Rs. 10 each	5,00,000	Debtors and Stocks	3,50,000
5% Debentures	1,00,000	Goodwill	1,00,000
Creditors	3,00,000	Profit & Loss Account	1,50,000
	9,00,000		9,00,000

Balance Sheet of B Ltd. as on March 31, 2014

	Rs.		Rs.
Nominal Capital : 1,00,000 shares of Rs. 10 each	10,00,000	Fixed Assets	5,00,000
Issued Capital : 70,000 shares of Rs. 10 each	7,00,000	Debtors and Stocks	1,00,000
Profit & Loss Account	1,50,000	Goodwill	3,50,000
Creditors	2,00,000	Cash at Bank	1,00,000
	10,50,000		10,50,000

B Ltd. Agreed to absorb A Ltd. upon the following terms :

- (a) The shares in A Ltd. are to be considered as Worth Rs. 6 each (of which the shareholders are to be paid one quarter in cash and the balance in shares in B Ltd.) and the shares in B Ltd. at Rs. 12.50 each.
- (b) The Debenture Holders in A Ltd. agreed to take Rs. 95 of 5% Debentures in B Ltd. for every Rs. 100 of 5 percent held in A Ltd.
- (c) A Ltd. is to be wound up.

Show the Journal entries necessary to record the above in the books of both companies and draw up a Balance Sheet showing the position of B Ltd. after the amalgamation. Ignore Costs.

5. Enumerate and describe the different ways of issuing debentures.

SECTION—C

6. The following ledger balances of ABC Bank Ltd. as at March 31, 2014, are furnished to you. Prepare the Profit and Loss Account and Balance Sheet as per requirements of law :

	('000)		('000)
Statutory Reserve	1,200	Cash	225
Bad Debts written off	128	Interest earned	550
Operating Expenses	182	Balance with Reserve Bank	2,030

	('000)		('000)
Current Accounts	20,245	Balance with	
		Foreign Banks	1,206
Interest Paid	160	Bills for	
		Collection	1,500
Deposits Accounts	6,920	Borrowings from	
		Banks	6,482
Profit and Loss		Cash credit and	
Account, Balance		Overdrafts	15,457
B/F	229		
Bills Receivable for			
Customers	1,500	Investments	9,882
Discount	244	Bills Discounted	6,228
Endorsements and			
Guarantees	575	Premises	2,217
Commission	45	Share Capital	2,000

The following further information is furnished :

- (1) Rebate on bills Discounted to be provided 64,000
 - (2) The Bank had paid an interim dividend of 2,00,000 during the year.
7. Prepare with imaginary figures revenue account of Life Insurance Company.

8. Fast Pay Insurance Co. Ltd. has furnished the following information for preparation of revenue account of fire insurance business for the year ended December 31, 2014.

Claims admitted but not paid	42,376
Commission paid	50,000
Commission on reinsurance ceded	12,000
Share Transfer fees	5,000
Expenses of Management	78,000
Bad Debts	2,500
Claims Paid	15,000
Profit and Loss Account Appropriation	10,000
Premium received (less reinsurance)	5,52,000
Reserve for unexpected risk as on 1.1.2014	2,30,000
Additional Reserves as on 1.1.2014	40,000
Claims outstanding as on 1.1.2014	27,000
Dividend on Share Capital	18,500

The following further information has also to be considered :

- (i) Premium outstanding at the end of the year : 40,000
- (ii) It is the policy of the company to maintain 50% of the premium towards reserves for unexpired risks.

(iii) Additional reserves at 10% of the premium to be maintained.

9. Draw a Performa Balance Sheet of a banking company.