

Exam. Code : 108503
Subject Code : 2000

B.Com. 3rd Semester (Batch 2020-23)

BCG-303 : CORPORATE ACCOUNTING

Time Allowed—3 Hours] [Maximum Marks—50

Note :— All questions are of equal marks. Attempt any *five* questions, selecting at least *one* from each section. Question **fifth** can be attempted from any section.

SECTION—A

1. Write notes on :
 - (a) Buy back of equity shares
 - (b) Balance Sheet under Companies Act.
2. A limited company issued a prospectus inviting applications for 2000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows :

On application Rs. 2; On allotment Rs. 5 (including premium); On first call Rs. 3 and on second call Rs. 2.

Applications were received for 3000 shares and allotments were made pro rata to the applicants for 2400 shares, the remaining applications being refused. Money overpaid on applications employed on account of sums due on allotment.

X to whom 40 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited. Y, the holder of 60 shares failed to pay the two calls, and his shares were forfeited after the second call had been made.

Of the shares forfeited, 80 shares were sold to Z, credited as fully paid for Rs. 9 per share, the whole of X's shares being included.

Show Journal entries.

SECTION—B

3. Differentiate between :
 - (a) Alteration of Share Capital and Capital Reduction
 - (b) External Reconstruction and Internal Reconstruction
4. The Balance Sheet as on 31st March 2016 of X Ltd. and Y Ltd. are as under :

I	Particulars	X Ltd. Rs.	Y Ltd. Rs.
	EQUITY AND LIABILITIES		
	Shareholder's funds		
	Share Capital :		
	Authorised and subscribed;		
	Equity shares of Rs. 100 each		
	fully paid	60,00,000	20,00,000

	Reserves and Surplus :		
	General Reserve	8,00,000	1,00,000
	Statement of Profit and Loss	4,80,000	1,40,000
	Capital Reserve	—	2,00,000
	NON CURRENT LIABILITIES		
	Long term borrowings :		
	Unsecured :		
	12% Debentures	—	12,00,000
	CURRENT LIABILITIES		
	Trade payables :		
	Creditors	9,60,000	3,80,000
	Total	82,40,000	40,20,000
II	ASSETS		
	Non-current Assets		
	Fixed Assets		
	Tangible Assets		
	Building	20,00,000	—
	Machinery	26,00,000	16,80,000
	Furniture	40,000	20,000
	Expenditure on new project	—	3,00,000
	Intangible Assets		
	Goodwill	—	4,00,000
	Current Assets		
	(a) Inventories :		
	Stock	16,00,000	7,20,000

(b) Trade receivables :		
Debtors	9,20,000	7,20,000
(c) Cash and cash equivalent :		
Cash in hand	2,80,000	20,000
Bank balance	8,00,000	1,60,000
Total	82,40,000	40,20,000

Y limited was absorbed by X limited on 1st April, 2016 on the following terms :

- Fixed assets other than Goodwill to be valued at Rs. 20,00,000 including Rs. 24,000 for furniture.
- Stock to be reduced by Rs. 80,000 and debtors by 5%.
- X limited to assume liabilities and to discharge the 12% debentures by issue of 11% debentures of the same value and in addition a premium of 6% was paid in cash.
- The new project to be valued at Rs. 3,80,000
- The shareholders of Y Ltd. to receive cash payment of Rs. 30 per share plus four equity shares in X Ltd. for every five shares held in Y Ltd.
- Both the companies to declare and pay dividend of 6% prior to absorption.
- Expenses of liquidation of Y Ltd. are to be reimbursed by X Ltd. to the extent of Rs. 20,000. The actual expenses amounted to Rs. 24,000.

Prepare necessary ledger accounts in the books of Y Ltd. and prepare the Balance Sheet of X Ltd. after absorption assuming that X Ltd. authorized capital has been increased to Rs. 80,00,000.

SECTION—C

5. What are NPAs ? How are advances classified ? What are the provisioning norms for NPAs ?
6. From the following information, prepare Balance Sheet of City Bank as on 31st March, 2018, giving the relevant schedules :

Debit Balances	Amount (Rs. in Lakhs)
Current Accounts	28.0
Cash Credits	812.10
Cash in Hand	160.15
Cash with RBI	37.88
Cash with other Banks	155.87
Money at Call	210.12
Gold	55.23
Govt. Securities	110.17
Premises at Cost Less Depreciation	155.70
Furniture at Cost Less depreciation	70.12
Term Loans	792.88
Total	2,588.22

Credit Balances	Amount (Rs. in Lakhs)
Share Capital (19,80,000 shares of Rs. 10 each)	198.00
Statutory Reserve	231.00
Net Profit before Appropriations	150.00
Profit and Loss Account	412.00
Fixed Deposit Account	517.00
Current Account	520.12
Bills Payable	00.10
Borrowing from other Banks	110.00
Saving Deposit Account	450.00
Total	2,588.22

	Rs.
Bills for collections	18,10,000
Acceptances and Endorsements	14,12,000
Claims against the banks not acknowledged as Debt	55,000
Depreciation Accumulated :	
Premises	1,10,000
Furniture	78,000

50% term loans are secured by government guarantees. 10% of cash credits is unsecured. Also calculate cash reserves required and Stationary liquid reserve required. Note : Cash reserve required 3% of demand and time liabilities; Liquid reserve required 30% of demand and time liabilities.

SECTION—D

7. Write notes on :

- (a) Annuities
- (b) Claims
- (c) Reinsurance
- (d) Surrender value.

8. The undermentioned balances form part of the Trial Balance of the All People's Assurance Co. Ltd., as on 31st March 2016 :

	Rs.
Amount of Life Insurance Fund at the beginning of the year	14,70,562
Claims by death	76,980
Claims by Maturity	56,420
Premiums	2,10,572
Expenses of Management	19,890
Commission	26,541
Consideration of annuities granted	10,712
Interests, dividends and rents	52,461
Income tax paid on profits	3,060
Surrenders	21,860

	Rs.
Annuities	29,420
Bonus paid in cash	9,450
Bonus paid in reduction of premiums	2,500
Preliminary expenses balance	600
Claims admitted but not paid at the end of the year	10,034
Annuities due but not paid	2,380
Capital paid up	14,00,000
Government securities	24,90,890
Sundry fixed assets	4,19,110

Prepare Revenue Account and the Balance Sheet after taking into account the following :

- (a) Claims covered under reinsurance Rs. 10,000 — by death
- (b) Further claims intimated Rs. 8,000 — by death
- (c) Further bonus utilized in reduction of premium, Rs. 1,500
- (d) Interest Accrued, Rs. 15,400
- (e) Premiums outstanding, Rs. 7,400