

Exam. Code : 108503
Subject Code : 1675

B.Com. 3rd Semester (Batch 2022-25)

CORPORATE ACCOUNTING

Paper : BCG-303

Time Allowed—3 Hours] [Maximum Marks—50

Note :—Attempt **FIVE** questions in all, selecting at least **ONE** question from each section. The fifth question may be attempted from any section. All questions carry equal marks.

SECTION—A

1. 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 3,000 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 and Cash Book entries and the Balance sheet.

- ✗ What is meant by redemption of debentures ? Give accounting treatment of redemption of debentures out of various sources of finance.

SECTION—B

3. The following is the Balance Sheet of Y Ltd. as on 31st March, 2021 :

Particulars	Rs.
LIABILITIES	
Share Capital :	
2,50,000 Equity Shares of Rs. 10 each 8 per share paid-up	20,00,000
1,00,000 10% Preference Shares of Rs. 10 each fully paid-up	10,00,000
Reserves and Surplus :	
General Reserves	6,00,000

Statement of Profit and Loss	8,00,000
Current Liabilities :	
Creditors	4,00,000
Workmen's Profit Sharing Fund	3,00,000
<hr/> Total	<hr/> 51,00,000
ASSETS	
Fixed Assets	
Goodwill	8,00,000
Building	7,00,000
Plant and Machinery	13,00,000
Current Assets	
Stock	7,00,000
Sundry Debtors	9,00,000
Bank Balance	6,60,000
Miscellaneous Expenses	
Preliminary Expenses	40,000
<hr/> Total	<hr/> 51,00,000

X Ltd. decided to absorb the business of Y Ltd. at the respective book value of assets and trade liabilities except Building which was valued at Rs. 12,00,000 and Plant and Machinery at Rs. 10,00,000.

The purchase consideration was payable as follows :

- (1) Assumption of trade liabilities
- (2) Payment of liquidation expenses of Rs. 5000 and workmen's profit sharing fund at 10% Premium.
- (3) Issue of equity shares of Rs. 10 each fully paid at Rs. 11 per share for every preference share and every equity share of Y Ltd. and a payment of Rs. 4 per equity share in cash.

Calculate the purchase consideration, show the necessary ledger accounts in the books of Y Ltd. and opening journal entries of X Ltd.

4. What is meant by internal reconstruction ? Give accounting treatment for alteration of share capital.

SECTION—C

5. Following are the balances from the books of Everyman's Bank Limited as on March 31, 2016 :

Current deposits — Rs. 2,27,50,000

Savings accounts — Rs. 82,60,000

Fixed and time deposits — Rs. 1,75,90,000

Sundry creditors — Rs. 2,28,000

Debts due to banks (secured)- Rs. 61,00,000

Bills receivable being bills for collection — Rs. 90,50,000

Customer's liability for acceptances — Rs. 75,84,000

Rebate on bills discounted — Rs. 7,000
Branch adjustments (credit) — Rs. 22,78,000
Reserve fund — Rs. 62,50,000
Capital (authorised, issued, subscribed and paid up)
100,000 shares of Rs. 50 each — Rs. 50,00,000
Interest and discount received — Rs. 29,00,000
Exchange and commission received — Rs. 8,77,000
Profit and Loss Account: Balance as on 1-4-2015 —
Rs. 4,26,000
Cash in hand — Rs. 6,54,000
Cash at bank — Rs. 30,00,000
Bills for collection — Rs. 90,50,00
Liabilities for customer acceptances — Rs. 75,84,000
Investments :
Government Securities — Rs. 1,70,00,000
Shares — Rs. 79,50,000
Interest accrued on investments — Rs. 4,37,000
Loan and cash credits — Rs. 1,68,50,000
Bills purchased and discounted — Rs. 1,77,50,000
Furniture, Fixtures and Office Equipment — Rs. 2,50,000

Depreciation on assets — Rs. 2,50,000
Interest paid — Rs. 6,00,000
Exchange and commission paid — Rs. 50,000
Salaries — Rs. 12,00,000
Director's fees — Rs. 50,000
Stationery, postage — Rs. 2,00,000
Miscellaneous expenses — Rs. 1,50,000
Land and Building — Rs. 15,00,000
Money at call — Rs. 7,50,000
Non-banking assets — Rs. 25,000
Term loans — Rs. 40,00,000

Prepare the Profit and Loss Account for the year ending March 31, 2016 and Balance Sheet at that date after taking note of the following :

- (1) Provision needed for taxation Rs. 5,00,000
- (2) Current Account includes Rs. 42,50,000 debit balances being overdraft
- (3) One of the Accounts Rs. 50,000 is doubtful.

During the year; a property was acquired in satisfaction of a claim amounting to Rs. 25000 and was sold for Rs. 18,000. The loss resulting therefrom remained unadjusted in the books.

6. Define Non-performing assets. Discuss its classification. Explain legal provisions regarding NPAs.

SECTION—D

7. Fast Pay Insurance Co. Ltd. has furnished the following information for preparation of revenue account for fire insurance business for the year ended 31 December, 2016.

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 unexpired risk as on 1.1.2016	2,30,000
Additional reserves as on 1.1.2016	40,000
Claims outstanding as on 1.1.2016	27,000
Dividend on share capital	18,500

The following information has also been considered :

- (i) Premium outstanding at the end of the year
Rs. 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.
8. Prepare final accounts of life insurance company with imaginary figures.