

Exam. Code : 108503

Subject Code : 2115

B.Com. 3rd Semester

CORPORATE ACCOUNTING

Paper—BCG-303

Time Allowed—Three Hours] [Maximum Marks—50

SECTION—A

Note :—Attempt any **TEN** questions in **5-6** lines. Each question carries **1** mark.

1. Explain the following :

- (i) Difference between share and stock.
- (ii) Restrictions to application of securities premium.
- (iii) Give two sources of redemption of preference shares.
- (iv) Sources of buy back of shares.
- (v) Debenture discount.
- (vi) 'Contingent liability' with respect to Schedule III of Companies Act.
- (vii) Pooling interest method.
- (viii) Causes for internal reconstruction.
- (ix) Cash Reserve Ratio.
- (x) Traveller's cheque.
- (xi) Insurable interest.
- (xii) Reinsurance accepted and ceded.

SECTION—B

Note :— Attempt any **TWO** questions. Each question carries **10** marks.

2. Explain the provisions of Companies Act regarding buy back of Shares.
3. Enumerate and describe different ways of issuing debentures.
4. Sunrise Company Ltd. offered for public subscription 10,000 shares of Rs. 10 each at Rs. 11 per share. Money was payable as follows :

On application Rs. 3

On allotment Rs. 4 (including premium)

On first and final call Rs. 4

Applications were received for 12000 shares and the directors made pro-rata allotment.

Mr. Ahmad, an applicant for 120 shares could not pay the allotment and call money and Mr. Basu, a holder of 200 shares, failed to pay the call. All these shares were forfeited.

Out of forfeited shares, 150 shares (the whole of Mr. Ahmad's shares being included) were issued at Rs. 8 per share. Record journal entries for the above transactions and prepare the share forfeited account.

5. From the following trial balance of Shankar Ltd. prepare Statement of Profit and Loss for the year ended March 31, 2014 and the Balance Sheet as on that date after making the necessary adjustments :

Debit balances	Rs.	Credit balances	Rs.
Opening Stock	1,35,000	Share Capital	
Rent and taxes	6,000	(1,000 Shares of	
Purchases	60,900	Rs. 100 each)	1,00,000
Wages	55,200	5% Debentures	25,000
Discount	1,500	Sales	1,85,000
Coal and water	2,570	Creditors	1,18,000
Buildings	80,000	Bank overdraft	27,000
Carriage	1,200	Discount	2,200
Debtors	25,000	Transfer fees	100
Plant and		Returns outward	2,125
Machinery	30,000		
Goodwill	23,000		
Advertisement	3,000		
Bad debts	1,030		
Debenture interest			
(paid upto 30 th			
September, 2013)	625		
Loose tools	6,000		

Debit balances	Rs.	Credit balances	Rs.
General expenses	4,400		
Salaries	20,000		
Insurance	1,000		
Cash and bank balances	3,000		
	<u>4,59,425</u>		<u>4,59,425</u>

Adjustments :

- (i) Closing Stock was valued at Rs. 1,35,000.
- (ii) Plant and Machinery to be depreciated by 10%.
- (iii) Loose tools to be revalued at Rs. 4,400.
- (iv) Provide reserve for bad debts at 3% on debtors and 2% reserve for discount of debtors.
- (v) Provide for dividend on shares at 15%.
- (vi) Transfer Rs. 10,000 to reserve fund.

SECTION—C

Note :— Attempt any **TWO** questions. Each question carries **10** marks.

6. Write notes on :

- (a) Non Performing Assets
- (b) Advances.

7. Briefly explain :

- (a) Types of Life Insurance Policies
(b) Valuation Balance Sheet.

8. The following ledger balances of ABC Bank Ltd. as on 31st March, 2016 are furnished as follows. Prepare Profit and Loss Account and Balance Sheet as per requirements of law :

	Rs. (000)		Rs. (000)
Statutory reserve	1,200	Cash	225
Bad debts written off	128	Interest earned	550
Operating expenses	182	Balance with Reserve Bank	2,030
Current accounts	20,245	Balance with Foreign Bank	1,206
Interest paid	160	Bills for Collection	1,500
Deposit accounts	6,920	Borrowings from Banks	6,482
Profit & Loss Account balance b/f	229	Cash credits and overdrafts	15,457
Bills receivables 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 information is given :

(i) Rebate on bill discounted to be provided
Rs. 64,000.

(ii) The bank had paid an interim dividend of
Rs. 2,00,000 during the year.

9. The following Trial Balance was extracted from the books of the Goodluck Life Assurance Company Ltd. as on 31st March, 2016 :

	Dr.	Cr.
	Rs. in Crores	Rs. in Crores
Paid up capital—		
200 crore shares of		
Rs. 10 each		2,000
Life Assurance Fund		
as on 1 st April 2015		59,446
Bonus to policy holders	630	
Premium received		3,230
Claim paid	3,940	
Commission paid	186	
Management expenses	646	
Mortgage in India	9,844	
Interest, dividend		
and rent		2,254
Agent's balances	186	
Investment properties—		
real estate	800	

	Dr.	Cr.
	Rs. in Crores	Rs. in Crores
Investments	46,100	
Loan on company's policies	3,472	
Cash on deposit	540	
Cash in hand and on current account	446	
Surrenders	140	
	<u>66,930</u>	<u>66,930</u>

You are required to prepare the company's revenue account for the year ended 31st March, 2016 and its balance sheet as on that date after taking the following matters into consideration :

- (i) Claims admitted but not paid Rs. 186 crores.
- (ii) Management expenses due Rs. 4 crores.
- (iii) Interest accrued Rs. 386 crores.
- (iv) Premium outstanding Rs. 240 crores.