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Total No. of Pages : 04

Total No. of Questions : 18

B.Com (Hons) (2018 Batch) (Sem.–4)

CORPORATE ACCOUNTING

Subject Code : BCOM-401-18

M.Code : 77409

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTIONS TO CANDIDATES :

1. **SECTION-A is COMPULSORY** consisting of TEN questions carrying TWO marks each.
2. **SECTIONS-B** consists of FOUR Sub-sections : Units-I, II, III & IV.
3. Each Sub-section contains TWO questions each, carrying TEN marks each.
4. Students have to attempt any ONE question from each Sub-section.

SECTION-A

Write short notes on the following :

- Q1. Forfeiture of share capital
- Q2. Rights issues
- Q3. Internal reconstruction
- Q4. Holding Company
- Q5. Goodwill valuation
- Q6. Re-issue of forfeited of shares capital
- Q7. Transfer of profits to reserves
- Q8. Asset structure of a commercial bank
- Q9. Annuity business
- Q10. Surrender value

SECTION-B

UNIT-I

Q11. What is a Debenture? What are the types of debentures? Distinguish between share and debenture. Give journal entries for issue of debentures at discount.

Q12. a) P Ltd. has equity share capital of Rs. 1000000 consisting 10000 shares of Rs.100 each. It is resolved :

- i. To subdivide the shares into shares of Rs. 10 each
- ii. To ask their shareholders to surrender 50% of their shares
- iii. To issue 60% of the surrendered shares to 15% debenture holders of Rs.400000 in full settlement of their claims.
- iv. To cancel the unissued surrendered shares.

Give entries in the books of the P Ltd.

- b) A Ltd invited applications for 10000 shares of Rs.100 each at a premium of 5% payable as Rs.25 on application, Rs.45 on allotment (incl. premium) and Rs.35 on first and final call. The applications received for 9000 shares and all of these shares were accepted. All money dues were received except the call on 100 shares which were forfeited. Of these 50 shares were reissued @ Rs.90 as fully paid. Pass necessary journal entries.

UNIT-II

Q13. From the following information, prepare the Profit and loss Account of the Corporate Bank for the year ended 31st March 2011 (figures in '000) :

Interest on loans Rs.518, Interest on cash credits Rs.446, Discount on bills discounted (net) Rs.390, Interest on Overdrafts Rs.108, Interest on Savings bank Account Rs.220, Interest on fixed deposits Rs.554, Commission, exchange and brokerage Rs. 16.40, Rent, taxes and lighting Rs.36. Auditors fees Rs.2.40, Postage, telegrams and telephones Rs.2.80, Sundry charges Rs.2, Directors fees Rs.6. Printing and stationery Rs.0.40, Law charges Rs.1.40, payment to employees Rs.108, Locker rent. Rs.0.70, Transfer fees Rs.1.40, Depreciation on bank's property Rs.10 and Advertisement and publicity Rs.1.40. Additional information: Rebate on bills discounted Rs.98000 and provide for bad debts Rs.58000.

Q14. Briefly explain the methods for valuation of goodwill. Illustrate your answer.

UNIT-III

Q15. X Ltd agrees to sell their undertaking to Y Ltd on the following terms. Y Ltd will pay them Rs.600000 in cash and allot them two fully paid share of Rs.6 each (market value Rs. 7.50 per share) in exchange of every three shares in their own company. X Ltd will pay their liquidation expenses themselves which amounted to Rs.9000. You are required to close the books of X Ltd and give opening entries in the books of Y Ltd assuming that the amalgamation is in the nature of purchase. The Balance Sheet of X Ltd on the date of amalgamation stood as follows :

Share Capital		Fixed Assets	
120000 equity shares of Rs.6 Each, fully paid up	720000	Land & Building	450000
		Plant & Machinery	218700
Reserves & Surplus		Current Assets	
General Reserve	360000	Stock	273450
P & L A/c	34168	Sundry Debtors	229500
Creditors	132500	Bank	74280
		Cash	738
	1246668		1246668

Q16. What is amalgamation? Explain the accounting entries in the books of transferor and transferee companies. Also explain the accounting treatment for dividends.

UNIT-IV

Q17. From the following balances of Maya General Insurance Co. Ltd. as on 31st March 2011, 2 Profit & Loss Account and Balance sheet.

Claims paid less reinsurance :		Building (cost Rs. 125000)	87000
Fire	80000	Office equipment (cost Rs.48000)	30000
Marine	62000	Cash in hand	56000
General reserve	118000	Cash at bank	104000
Commission paid :		Premium less reinsurance :	
Fire	48000	Fire	210000
Marine	39000	Marine	163000
Share capital (20000 shares of Rs.100 each)	200000	Tax deducted at source	9000
Expenses of management :		Furniture (cost Rs. 18000)	12000
Fire	53000	Premium due :	
Marine	36000	Fire	28000
		Marine	20000

Reserve for unexpired risk 2010) :		Claims outstanding on 1 st April 2010 :	
Fire	204000	Fire	14000
Marine	123000	Marine	2000
Investments at cost	2515000	Due from other insurers	27000
Depreciation	21000	Director's fees	4000
Additional reserves (1 st April 2010) :		Commission on reinsurance ceded :	
Fire	132000	Fire	23000
Marine	16000	Marine	2000
Interest accrued	25000	Dividends (Credit)	20000
Contingency reserve	39000	Interest on investments	100000
Investment reserve	47000	Due to other insurers	43000

- Claims outstanding on 31st March 2011 are : Fire Rs.17000, Marine Rs.6000
- Market value of investments is Rs. 2401000.
- Increase additional reserve by 10% of net premium for the year for fire.
- Maintain reserves for unexpired risks at 50% of premium for the year in case of fire insurance and 100% of premium for the year in case of marine insurance.

Q18. Give a form of final accounts of life insurance business. Illustrate.

NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.