

(i) Printed Pages : 7 Roll No.

(ii) Questions : 14 Sub. Code :

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**Bachelor of Commerce 2nd Semester
(2054)**

CORPORATE ACCOUNTING

Paper : BCM-205

Time Allowed : Three Hours]

[Maximum Marks : 80

Note :— Attempt **four** short answer type questions from Section-A.
Attempt **two** questions each from Section-B and C
respectively.

SECTION—A

1. A company forfeited 500 shares of Rs. 100 each issued at a premium of Rs. 20 per share for non-payment of Rs. 40 on allotment and two calls of Rs. 25 each. Out of these forfeited shares 300 shares were Re-issued @ Rs. 80 per share. Pass the necessary journal entries.
2. A company wants to capitalize its Reserves and the present information of the Company balance sheet is :

Issued & Paid up Capital	Rs.
20,000 Equity shares of Rs. 100 each	20,00,000
10,000 Equity shares of Rs. 100 each, Rs. 50 paid up	5,00,000
Capital Reserve	6,00,000
Securities premium	5,00,000
General Reserves	4,00,000
Surplus A/c	3,00,000

Pass the journal entries if :

- (a) Partly paid up shares are converted into fully paid up Equity shares.
 - (b) To issue bonus in ratio of 1 : 2 to the existing fully paid up shares.
3. A company incorporated on 1st May 2018 to take over a business from preceding 1st January. The accounts were made up to 31st December 2018. It is ascertained that sales for January were one and a half times of the average of the year whilst for April, August and December were only half the average and those for March twice the average. Find out Sales ratio.
4. The GI Insurance Co. Ltd. prepares its Revenue Account for the year ended 31st March, 2022 and ascertained its Life Fund to be Rs. 56,70,000. It was found later that the following had been omitted from the Accounts :
- (a) Interest accrued on investments Rs. 78,000; income tax liable to be deducted estimated to be Rs. 21,000.
 - (b) Outstanding Premium Rs. 65,600.
 - (c) Bonus utilized in reduction of Premium Rs. 13,500.
 - (d) Claims intimated but not yet admitted Rs. 34,800.
 - (e) Claims covered under reinsurance Rs. 13,000. What is true Life Assurance Fund ?
5. Discuss the difference between Capital Reserve and Reserve Capital.
6. What do you mean by Firm Underwriting ? 4×5

SECTION—B

7. What do you mean by Buy Back of shares ? Discuss provisions of Company law regarding Buy Back of shares.
8. Discuss the main provisions of company law regarding Managerial remuneration.
9. Following is the Trial Balance of Zee Ltd, as on 31st March, 2022 :

Debit Balances	Rs.
Stock on 1-4-2021	75,000
Purchases	2,45,000
Wages	30,000
Carriage	950
Furniture	17,000
Salaries	7,500
Rent	4,000
Sundry Trade Expenses	16,950
Debtors	27,500
Plant & Machinery	29,000
Cash at Bank	45,300
Patents	4,800
Bills Receivable	5,000
	5,08,000

Credit Balances	Rs.
Purchases Returns	10,000
Sales	3,40,000
Discount Received	3,000
Surplus A/c	15,000
Share Capital	1,00,000
Creditors	17,500
General Reserve	15,500
Bills Payable	7,000
	5,08,000

Prepare Statement of Profit and Loss for the year ending 31st March, 2022 and a Balance Sheet on that date after considering the following adjustments :

- (a) Stock on 31-3-2022 was Rs. 88,000.
- (b) Provide for Income tax @ 35%.
- (c) Depreciate Plant and Machinery at 15%, Furniture 10% and Patents at 5%.
- (d) Outstanding rent amounted to Rs. 800 and outstanding salaries Rs. 900.
- (e) Provide Rs. 510 for doubtful debts.
- (f) The Board recommends payment of dividend @15% per annum.

10. The balances taken from the books of Milton Ltd. As on Mar. 31-2021 was as follows :

Cr. Balances	Rs.
9% Preference share capital of Rs. 10 each fully paid up	3,20,000
25,000 equity shares of Rs. 5 each fully paid up	1,25,000
General Reserve	80,000
Profit & Loss A/c	1,90,000
Sundry Creditors	15,000
	7,30,000

Dr. Balances	Rs.
Building	2,00,000
Machinery	2,00,000
Furniture & Fixture	80,000
Investments	2,10,000
Cash at Bank	40,000
	7,30,000

In order to carry out of the redemption of preference shares at a premium of 5%, it was decided :

- (i) To sell Investment for Rs. 1,98,000.
- (ii) To issue sufficient equity shares at a premium of Rs. 2.50 per share to raise balance of funds keeping in mind a minimum balance in the Bank shall be required Rs. 10,000.

Show Journal Entries and Prepare Balance Sheet after Redemption.

2×15

SECTION—C

11. On January 1, 2019, Metal Products Ltd. issued debentures for Rs. 1,00,000 redeemable at par at the end of 5 years. It was resolved that a Sinking Fund should be created and invested in Government Securities (tax free). Give journal entries and ledger accounts for all the 5 years. Sinking fund table shows that Rs. 0.180975 invested at the end of each year at 5% compound interest rate will give Re. 1 at the end of 5 years. Investments were realized at a loss of Rs. 300.

12. Following figures are extracted from the books of K. Bank Ltd. as on 31-3-2022 :

	Rs.(000)
Interest and discount received	4,060
Interest paid on deposits	2,404
Capital	1,000
Commission and exchange	180
Rent received	60
Profit on sale of investment	190
Salaries	210

	Rs. (000)
Rent paid	108
Stationery	48
Postage	40
Audit fee	8
Depreciation on Bank's properties	25
Director's fee	34
Preliminary Expenses	10

Further information :

- (a) A customer to whom a sum of Rs. 5,00,000 has been advanced has become insolvent and 40% recovered from his estate.
- (b) Provision for bad and doubtful debts necessary Rs. 1,00,000.

- (c) Rebate on bill discounted as on 31-3-2021 Rs. 10,000 and
Rebate on bill discounted as on 31-3-2022 Rs. 15,000.
- (d) Provide Rs. 7,00,000 for income tax.
- (e) The directors desire to declare 10% dividend.

Prepare Profit & Loss A/c in accordance with law.

- 13. What is the procedure of preparing the accounts of Life Insurance Companies ?
- 14. Discuss the provisions of Companies Act, 2013 regarding Underwriting of Shares and Debentures. 2×15