

**Bachelor of Commerce (Computer Application) (B.C.C.A.) Semester–V Examination****CORPORATE ACCOUNTING****Paper–4-2****DSE–I**

Time : Three Hours]

[Maximum Marks : 80

**PART–A**

- N.B. :—** (1) Each question carries **2** marks.  
 (2) Answers should not be more than **5** lines.

1. (1) Define Capital Reserve.
- (2) What is Employee Stock Option Plan ?
- (3) What is the Mortgage Debentures ?
- (4) Define Purchase Consideration.
- (5) What is Goodwill ?
- (6) What is absorption of a Company ?
- (7) What is Subsidiary Company ?
- (8) Define Banking Companies.

8×2=16

**PART–B**

- N.B. :—** (1) Each question carries **3** marks.  
 (2) Answers should not be more than **10** lines.

2. (1) Write short note on firm underwriting.
- (2) What reserves can company use to buy back shares ?
- (3) Difference between Shares and Debentures ?
- (4) Explain Accounting Standards.
- (5) What are the B list of contributories and the liability of contributories included in the list ?
- (6) Explain Statement of Affairs and liquidator's final statement of Account.
- (7) What are the utilities of cash flow analysis?
- (8) Short notes on non-performing asset.

8×3=24

**PART–C**

- N.B. :—** Answers should not be more than **400** words for **5** marks questions and **600** words for **10** marks questions respectively.

3. (A) Difference between capital reserve and reserve capital. 5
- (B) Briefly explain over subscription and under subscription. 5

**OR**

- (C) ABC International Limited issued to Public 90,000 equity shares of Rs. 100 at par. Rs 60 per share was payable along with the allotment. The issue was underwritten equally by Prashant, Pravin and Rashmi for a commission of 5% ; applications for 80,000 shares received as per details below :

| <b>Underwriter</b>   | <b>Firm Appl.</b> | <b>Marked Application</b> | <b>Total</b> |
|----------------------|-------------------|---------------------------|--------------|
| Prashant             | 4,000             | 17,000                    | 21,000       |
| Pravin               | 4,000             | 27,000                    | 31,000       |
| Rashmi               | 2,000             | 19,000                    | 21,000       |
| Unmarked Application |                   |                           | 7,000        |

It was agreed to credit the unmarked applications equally to Prashant and Rashmi. ABC Limited accordingly made the allotment and received the amounts due from Public. The underwriters settled their accounts.

Prepare a statement showing the liability of the underwriters. 10

4. (A) Classification of debentures. 5  
 (B) What are the factors associated with acquisition of business ? 5

**OR**

- (C) The promoters of Glorious Ltd. took over on behalf of the company a running business with effect from 1<sup>st</sup> April 2012. The company got incorporated on 1<sup>st</sup> August 2012. The annual accounts were made upto 31<sup>st</sup> March 2013 which revealed that the sales for the whole year totalled Rs. 1,600 lakhs out of which Sales till 31<sup>st</sup> July 2012 were for Rs 400 lakhs. Gross Profit ratio was 25%.

The expenses from 1<sup>st</sup> April 2012 till 31<sup>st</sup> March 2013 were as follows :

| <b>Particulars</b>              | <b>Amt. in lakhs</b> |
|---------------------------------|----------------------|
| Salaries                        | 69                   |
| Rent, Rates and Insurance       | 24                   |
| Sundry Office Expenses          | 66                   |
| Travellers Commission           | 16                   |
| Discount Allowed                | 12                   |
| Bad debts                       | 04                   |
| Directors fee                   | 25                   |
| Audit fee                       | 09                   |
| Depreciation on Tangible Assets | 12                   |
| Debentures Interest             | 11                   |

Prepare a statement showing the calculation of profits for the Pre-Incorporation and Post Incorporation Periods. 10

5. (A) State the salient features of liquidation. 5  
 (B) Why there is a need of reconstruction ? 5

**OR**

(C) Balance Sheet of Sona Limited as on 31<sup>st</sup> December 2013 :

| <b>Liabilities</b>                              | <b>Amt.</b> | <b>Assets</b>         | <b>Amt.</b> |
|---|-------------|-----------------------|-------------|
| <u>Paid up Capital</u>                          |             | <u>Fixed Assets</u>   |             |
| 5,000–6% Preference Shares of Rs. 100 each      | 5,00,000    | Land and Building     | 3,50,000    |
| 3,000 Equity Shares of Rs. 100 each fully Paid  | 3,00,000    | Plant and Machinery   | 4,30,000    |
| 5,000 Equity Shares of Rs. 100 each Rs. 40 Paid | 2,00,000    | <u>Current Assets</u> |             |
| <u>Secured Loan :</u>                           |             | Stock                 | 2,00,000    |
| 8% Debentures (Floating Charges on all Assets)  | 1,50,000    | Debtors               | 1,75,000    |
| Others (Mortgages on Land and Building)         | 1,20,000    | Cash at Bank          | 65,000      |
| <u>Current Liabilities</u>                      |             | <u>Miscellaneous</u>  |             |
| Sundry Creditors                                | 1,05,000    | <u>Expenditure :</u>  |             |
| Income Tax                                      | 15,000      | Profit and Loss A/c   | 1,70,000    |
|   | 13,90,000   |                       | 13,90,000   |

The company went into liquidation on 1<sup>st</sup> January 2014. The preference dividends were in arrears for three years. The arrears are payable on liquidation.

The assets were realised as follows :

| <b>Particulars</b>  | <b>Rs.</b> |
|---------------------|------------|
| Land and Building   | 3,80,000   |
| Plant and Machinery | 3,60,000   |
| Stock               | 1,50,000   |
| Debtors             | 1,20,000   |

The expenses of liquidation amounted to Rs. 15,000. The liquidator is entitled to a commission at 2% on all assets realised and 3% on amounts distributed to unsecured creditors. All payments were made on 30<sup>th</sup> June 2014. Prepare Liquidators statement of account.

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6. (A) What are the legal requirements for a holding company consolidated financial statements ?

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(B) State the important legal provisions of Banking Regulation Act, 1949.

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**OR**

(C) From the following ledger balances of Indian Bank as on 31st March 2014, prepare Balance Sheet as per Banking Companies Act :

(Amt. '000')

| <b>Particulars</b>                               | <b>Dr. Rs.</b> | <b>Cr. Rs.</b> |
|--|----------------|----------------|
| Share Capital 23,50,000 shares<br>of Rs. 10 each |                | 23,500         |
| Statutory Reserve                                |                | 28,400         |
| Net Profit (before appropriation)                |                | 18,500         |
| Profit and Loss A/c (opening)                    |                | 45,200         |
| Fixed deposits                                   |                | 55,600         |
| Saving deposits                                  |                | 47,500         |
| Current Account                                  | 4,250          | 64,120         |
| Borrowings from other Bank                       |                | 14,500         |
| Bills payable                                    |                | 25             |
| Cash credit                                      | 90,150         |                |
| Cash in hand                                     | 19,500         |                |
| Cash with RBI                                    | 5,445          |                |
| Cash with other Banks                            | 17,580         |                |
| Money at call                                    | 25,410         |                |
| Gold   | 6,540          |                |
| Government Securities                            | 13540          |                |
| Primises   | 18540          |                |
| Furniture  | 9540           |                |
| Term loan  | 86580          |                |
|  | 2,97,345       | 2,97,345       |

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