

Exam. Code : 121602  
Subject Code : 103223

B.Com. (Financial Services) 2<sup>nd</sup> Semester  
(Batch 2023-26) (CBGS)

**CORPORATE AND BANK ACCOUNTING**

**Paper—VII**

Time Allowed—3 Hours] [Maximum Marks—100

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. Discuss important provisions governing preparation of final accounts.
2. From the following Trial Balance of Gaurav Ltd., prepare Trading, Profit & Loss account and Balance Sheet as at March 31, 2018 :

Sr. No.	Ledger Accounts	Dr.	Cr.
1.	Cash in hand	25,000	
2.	Purchase	15,00,000	
3.	Sales		18,00,000

Sr. No.	Ledger Accounts	Dr.	Cr.
1.	Purchase Return		2,00,000
2.	Sales Return	1,00,000	
3.	Carriage inward	5,000	
4.	Carriage Outward	10,000	
5.	Wages	12,000	
6.	Salaries	24,000	
7.	Opening Stock (1/4/2017)	1,00,000	
8.	Debtors	50,000	
9.	Creditors		40,000
10.	Furniture	3,20,000	
11.	Provision for Doubtful debts		1,000
12.	Capital		1,00,000
13.	Input CGST	20,000	
14.	Input SGST	20,000	
15.	Output CGST		15,000
16.	Output SGST		15,000
17.	General Reserve		10,000
18.	Surplus (b/f Profit)		5,000
	<b>Total</b>	<b>21,86,000</b>	<b>21,86,000</b>

### Adjustments :

- (a) Closing Stock Rs. 20,000.
- (b) Write off bad debts Rs. 2,000. Provision for doubtful debts @ 5%.
- (c) Goods worth Rs. 4,000 distributed as free samples.
- (d) Good worth Rs. 3,000 given away as charity.
- (e) Goods destroyed by fire Rs. 7,500. Claim admitted by insurance company Rs. 5,000.
- (f) Depreciate furniture by 5% p.a.
- (g) Assume rate of CGST and SGST @ 9% each for goods distributed as free samples, given away as charity and destroyed by fire.

### SECTION—B

3. A company issued for public subscription, 40,000 Equity Shares of Rs. 10 each at premium of Rs. 2 per share payable as under :

On Application	:	Rs. 2 per share
On Allotment	:	Rs. 5 per share
On 1 <sup>st</sup> call	:	Rs. 2 per share
On 2 <sup>nd</sup> call	:	Rs. 3 per share

Applications were received for 60,000 shares. Allotment was made pro-rata to the applicants for 48,000 shares, the remaining applications being refused. Money overpaid on application was utilized towards sums due on allotment.

Mr. X to whom 1,600 shares were allotted failed to pay the allotment money on 1<sup>st</sup> and 2<sup>nd</sup> call. Mr. Y to whom 2,000 shares were allotted failed to pay the two calls. These shares were forfeited after the second call. Of the forfeited shares, 2,000 shares were sold to Mr. Z as fully paid at Rs. 8 per share (including all the shares of Mr. X).

Show the journal entries to record the transaction and the Balance Sheet.

4. On July 1, 2020, Sniper Ltd. gave notice of its intention to redeem for Rs. 10,00,000, 12% Debentures on August 1, 2020 at a premium of 5 per cent and offered the debenture holder the following options :

- (a) To apply the redemption money in subscribing :
  - (i) 3% Cumulative preference shares of Rs. 100 each at Rs. 110 (opted by the holder of Rs. 1,10,000 debentures), or
  - (ii) 10% Debentures at 95 per cent (opted by the holders of Rs. 7,12,500 debentures).

- (b) To get their holdings redeemed for cash if neither of the options under (a) was accepted.  
Show as on August 1, 2020, the journal entries to record the redemptions.

### SECTION - C

5. Explain the terms 'Amalgamation', 'Absorption' and 'Reconstruction' and differentiate one from the other. Explain the various methods of calculating purchase consideration with the help of suitable examples.
6. Ashish Products Ltd. was just recovering out of great financial stress and consequently went into voluntary liquidation. Its summarized Balance Sheet as on 31<sup>st</sup> March, 2020 stood as follows :

Equity and liabilities	Rs.
Equity Capital	7,80,000
Preference Capital	5,20,000
Profit Prior to Incorporation	15,730
Liabilities	1,36,110
<b>Total</b>	<b>14,51,840</b>

Assets	Rs.
Sky-Scrapers	4,13,400
Other Fixed Assets	2,22,560
Floating Assets	2,79,370
Profit and Loss	5,36,510
<b>Total</b>	<b>14,51,840</b>

(There is contingent liability in respect of a pending suit to the extent of Rs. 18,840.)

Ashish Prosperous Ltd. was incorporated on 15th January, 2020 to take over some of the assets of Ashish Products Ltd. at an agreed valuation as under :

Sky-Scrapers	Rs. 2,60,000
Plant and Machinery	Rs. 1,56,000
Motor and Lorries	Rs. 5,200
Stock-in-trade	Rs. 98,800
<b>Total</b>	<b>Rs. 5,20,000</b>

Total purchase consideration was satisfied by the allotment of Preference and Equity Shares in the new company in the ratio of 3 : 2. The Preference Shares carried 6% Dividend whereas the Equity Shares of Rs. 30 each were issued as partly paid to the extent of Rs. 20 per share.

The new company also agreed to take over the contingent liability which ultimately materialized. The claimant was allotted equity shares as fully paid.

The book debts of the old company realized as Rs. 1,65,425 and the liabilities were settled for Rs. 1,14,842.

The cost of voluntary winding up came to Rs. 13,923.

The preference share holders in the old company agreed to accept in full satisfaction of their claims, the preference shares in the new company and all the available cash.

You are required to give journal entries in the books of Ashish Prosperous Ltd. and Ledger accounts in the books of Ashish Products Ltd. <https://www.gnduonline.com>

#### SECTION—D

7. You are required to prepare the Balance Sheet of Progressive Bank Limited as on 31st March, 2020 :

	Rs. ('000)
Reserve fund	600
Local Bills Discounted	1,800
Furniture	40
Investments	950
Cash credit and overdrafts	5,300
Current saving Deposits	3,800

	Rs. ('000)
Participating certificates Purchased	500
Stamps and Stationery	10
Balance with Reserve Bank	1,300
Cash in hand	500
Profit and Loss Account	220
Fixed deposit	4,000
Unclaimed Dividends	10
Paid up Capital	2,000
Loans from other Banks	1,200
Loans to customers	600
Provision for contingencies	170
Premises	1,000

The further particulars are furnished :

- the market value of the investment is Rs. 9,00,000.
  - the rebate on the Bills discounted is calculated at Rs. 5,000.
  - no credit has been taken for interest of Rs. 7,000 on certain sticky advances which are not yet considered as Doubtful.
  - the Loans from other Banks are secured to the extent of Rs. 5,00,000 against a charge on investment.
8. Explain the following with examples :
- Calculation of EMIs.
  - Calculation of Annuities.