

2025

(4th Semester)

COMMERCE

Paper : BC-404

(Corporate Accounting)

Full Marks : 70

Pass Marks : 45%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 45)

*The figures in the margin indicate full marks
for the questions*

1. (a) What do you understand by a debenture? Describe briefly the different types of debentures. 3+6=9

Or

- (b) RK Ltd. issued Equity Shares of ₹ 100 each on the following terms :

On Application—₹ 20 per share

On Allotment—₹ 40 per share

On First call—₹ 20 per share

On Second and final call—

₹ 20 per share

Mr. X to whom 300 shares were allotted, failed to pay the allotment and on his subsequent failure to pay the first call, his shares were forfeited. Mr. Y, the holder of 100 shares, failed to pay the first call and his shares were forfeited. The forfeited shares were reissued subsequently for ₹110 per share as fully paid.

Journalize the transactions.

9

2. (a) Explain the details to be given in 'Reserves and Surplus' in the Balance Sheet of a company as per Schedule III.

9

Or

- (b) A Limited Company was registered with an authorized capital of ₹30,00,000 in Equity Shares of ₹10 each. Following is the list of balances extracted from its books on 31st March, 2025 :

	₹
Purchases	9,25,000
Wages	4,24,325
Manufacturing Expenses	65,575
Salaries	70,000
Bad Debts	10,550
Director's Fees	31,125
Debenture Interest paid	45,000

L25/775a

(Continued)

	₹
Preliminary Expenses	25,000
Calls-in-Arrear	37,500
Plant and Machinery	15,00,000
Premises	16,50,000
Interim Dividend paid	1,87,500
Furniture and Fixtures	35,000
Sundry Debtors	4,36,000
General Expenses	84,175
Stock on 01.04.2024	3,75,000
Goodwill	1,00,000
Cash in Hand	28,750
Cash at Bank	1,99,500
Subscribed and fully paid Capital	20,00,000
Surplus A/c (Credit Balance)	72,500
6% Debentures	15,00,000
Sundry Creditors	2,90,000
Bills Payable	1,67,500
Sales	20,75,000
General Reserve	1,25,000

You are required to prepare Statement of Profit and Loss for the year ended 31st March, 2025 and Balance Sheet as

L25/775a

(Turn Over)

that date after making the following adjustments :

Depreciate Plant and Machinery by 10%. Provide half-year's interest on Debentures. Also write off ₹ 2,500 from Preliminary Expenses and make Provision for Bad Debts ₹ 4,250 on Sundry Debtors. Stock on 31st March, 2025 was ₹ 4,55,000. Corporate tax is to be ignored.

3. (a) What creditors are treated as preferential at the time of liquidation of a company according to the Companies Act, 2013?

9

Or

- (b) The Over Confident Ltd. went into liquidation with the following liabilities :

- (i) Secured Creditors—₹ 20,000 (Securities realized ₹ 25,000)
- (ii) Preferential Creditors—₹ 6,000
- (iii) Unsecured Creditors—30,500

Liquidator's expenses in connection with liquidation amounted to ₹ 252. The liquidator is entitled to a remuneration of 3% on every amount realized

(Continued)

L25/775a

and $1\frac{1}{2}\%$ on the amount distributed to unsecured creditors except preferential creditors. The various assets (excluding securities in the hands of fully secured creditors) realized ₹ 26,000.

Prepare Liquidator's A/c.

4. (a) What are the methods of valuation of shares? Describe them in brief.

9

Or

- (b) Mr. X runs a cosmetic store. His net assets (excluding building of ₹ 40,000) on 31st December, 2024 amounted to ₹ 2,00,000. After paying a rent of ₹ 2,000 a year and a salary of ₹ 10,000 to his manager, he earns a profit of ₹ 50,000. His landlord is interested in acquiring the business. 12% is considered to be a reasonable return on capital employed.

Calculate the value of goodwill at 3 years' purchase of super profit. Assume that manager will continue to manage the business.

5. (a) Define purchase consideration. Explain the methods to calculate it by taking suitable examples.

3+6=9

L25/775a

(Turn Over)

(6)

Or

(b) Following are the Balance Sheets of R Ltd. and A Ltd. as on 31st March, 2025 :

Particulars	R Ltd. ₹	A Ltd. ₹
I. Equity and Liabilities :		
1. Shareholder's Funds :		
(a) Share Capital :		
Equity Share of ₹ 50 each	2,50,000	1,50,000
(b) Reserves and Surplus	50,000	27,500
2. Non-Current Liabilities	—	—
3. Current Liabilities :		
Creditors	75,000	47,500
	<u>3,75,000</u>	<u>2,25,000</u>
II. Assets :		
Non-Current Assets :		
1. Sundry Assets	3,75,000	1,75,000
2. Non-Current Investment 1000 Shares of R Ltd.	—	50,000
	<u>3,75,000</u>	<u>2,25,000</u>

(7)

R Ltd. absorbed A Ltd. on the basis of intrinsic value of the shares. The purchase consideration is to be discharged in the form of fully paid Equity Shares. Entries to be made at par value only. A sum ₹ 5,000 is owned by R Ltd. to A Ltd.

Give Journal Entries in the books of both the companies.

9

2025

(4th Semester)

COMMERCE

Paper : BC-404

(**Corporate Accounting**)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

1. Indicate whether the following statements are
True (T) or False (F) by putting a Tick (✓) mark :

1×5=5

- (a) Bonus issues is permitted only if all partly paid
shares are made fully paid shares.

(T / - F)

- (b) Interim dividend paid is a charge against the
profits.

(T / F)

(c) List H shows accounts of preferential creditors.

(T / F)

(d) Net assets basis of valuation of shares is concerned with the assets backing per share.

(T / F)

(e) When an existing company takes over the business of one or more existing companies, it is called absorption.

(T / F)

2. Choose the correct answer and place its code in the brackets provided : $1 \times 10 = 10$

(a) Share Application A/c is a

(i) Nominal A/c

(ii) Real A/c

(iii) Personal A/c

(iv) Revenue A/c

[]

(b) Preference shareholders are

(i) creditors of the company

(ii) owners of the company

(iii) customers of the company

(iv) debtors of the company

[]

(c) Dividends are usually paid on

(i) authorized capital

(ii) issued capital

(iii) called-up capital

(iv) paid-up capital

[]

(d) Expenses incidental to the creation and floatation of a company are called

(i) underwriting expenses

(ii) preliminary expenses

(iii) trade expenses

(iv) establishment expenses

[]

(4)

(e) Amount of Government dues that arose within 12 months before the date of winding-up is treated as

(i) secured creditors

(ii) over-riding preferential creditors

(iii) preferential creditors

(iv) unsecured creditors []

(f) Preference dividend in arrear on the date of winding-up is

(i) treated as secured creditors

(ii) treated as over-riding preferential creditors

(iii) treated as preferential creditors

(iv) added to preference share capital []

(g) The term 'super profit' means

(i) extra profit earned

(ii) profit earned in abnormal circumstances

(iii) excess of average profit over normal profit

(iv) average profit earned by similar companies []

(5)

(h) Another term for net asset value is

(i) the value of asset backing

(ii) the intrinsic worth

(iii) the value of liquidation

(iv) All of the above []

(i) The main object of amalgamation is to

(i) maximize revenue

(ii) facilitate distribution

(iii) stop competition

(iv) minimize the expenses []

(j) As per AS-14, purchase consideration will include the payments that are payable to whom?

(i) Creditors

(ii) Preference of shareholders

(iii) Shareholders

(iv) Debenture holders []

3. Write short notes on the following : $2 \times 5 = 10$

(a) Redeemable Preference Share

- (i) the intrinsic worth
- (ii) the value of liquidation
- (iii) preferential creditors
- (iv) All of the above
- (v) unsecured creditors
- (vi) The main object of amalgamation is to
- (vii) Preference dividend in arrears on the date of winding-up is
 - (i) maximize revenue
 - (ii) facilitate distribution
 - (iii) stop competition
 - (iv) minimize the expenses
 - (v) added to preference share capital
- (viii) As per AS-14 purchase consideration will include the payments that are payable to whom?
 - (i) extra profit earned
 - (ii) profit earned in abnormal circumstances
 - (iii) Preference of shareholders
 - (iv) Shareholders
 - (v) Dependent holders

(b) Contingent Liabilities

(c) Super Profit

(8)

3. Write short notes on the following: (b) Contingent Liability

(a) Redeemable Preference Shares

(d) Super Profit

(9)

(e) Amalgamation
