

2024

(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) Discuss the provisions of law with regard to redemption of Redeemable Preference Shares as laid down in Section 55 of the Companies Act, 2013. 9

Or

- (b) Nagaland Ltd. invited application for 1000 shares of ₹ 100 each at ₹ 120, payable as to ₹ 55 (including premium) on application, ₹ 40 on allotment and the balance by way of call.

Applications for 1200 shares were received. The Board of Directors allotted (i) in full to applicants for 700 shares and (ii) the balance of the shares pro-rata to the remaining applicants.

The Board also utilized the excess application money, if any, towards the allotment money.

X to whom 60 shares were allotted on pro-rata basis, failed to pay the allotment and call moneys. After complying with the necessary procedures, his shares were forfeited. These were subsequently reissued at ₹ 110 each.

Show the necessary Journal Entries. 9

2. (a) Give a specimen form of Balance Sheet and Statement of Profit and Loss of a company according to the Companies Act, 2013. 5+4=9

Or

- (b) Following is the Trial Balance of Lakshmi Co. Ltd. as at 31st March, 2024:

	₹	₹
Stock, 31.03.2023	75,000	—
Sales	—	3,50,000
Purchases	2,45,000	—

	₹	₹
Wages	50,000	—
Discount	—	5,000
Furniture and Fittings	17,000	—
Salaries	7,500	—
Rent	4,950	—
Sundry Expenses	7,050	—
Surplus A/c, 31.03.2023	—	15,030
Dividend Paid	9,000	—
Share Capital	—	1,00,000
Debtors and Creditors	37,500	17,500
Plants and Machinery	29,000	—
Cash and Bank	16,200	—
Reserve	—	15,500
Patents and Trademark	4,830	—
	<u>5,03,030</u>	<u>5,03,030</u>

Prepare Statement of Profit and Loss for the year 31st March, 2024 and Balance Sheet as at that date. Take into consideration the following adjustments : 4+5=9

- Stock on 31st March, 2024 was valued at ₹ 82,000
- Depreciation on fixed assets @ 10%
- Make a provision for income tax ₹ 13,500
- Ignore corporate dividend tax

3. (a) What do you mean by liquidation of a company? Mention the different modes of winding up. Explain in detail the consequences of winding up. 2+2+5=9

Or

(b) The following particulars relate to a limited company which has gone into voluntary liquidation. You are required to prepare the Liquidator's Final A/c allowing for his remuneration @ 3% on the amount realized and 2% on the amount paid to the unsecured creditors :

Share Capital issued :

- 1000 Preference Shares of ₹ 100 each (fully paid)
- 20000 Equity Shares of ₹ 10 each (fully paid)
- 4000 Equity Shares of ₹ 10 each (₹ 8 paid)

Assets realized ₹ 3,08,000 excluding amount realized by sale of securities held by the secured creditors :

Secured Creditors (Security realized ₹ 54,000)	46,000
Unsecured Creditors	2,83,698
Preferential Creditors	8,000
Debentures having a floating charge on the assets	1,00,000
Expenses of liquidation amounted to	3,000

A call of ₹ 2 per share on the partly paid equity shares was duly paid except in case of one shareholder owning 400 shares.

4. (a) Explain with illustration the different methods of calculating goodwill. 9

Or

(b) The following particulars are available in relation to X Ltd. :

- (i) Capital : 450, 6% Preference Shares of ₹ 100 each fully paid; and 4500 Equity Shares of ₹ 10 each fully paid
- (ii) External liabilities—₹ 7,500
- (iii) Reserve and surplus—₹ 3,500
- (iv) The average expected profit (after taxation) earned by the company—₹ 8,500
- (v) The normal profit earned on the market value of Equity Shares (fully paid) of the same line of companies is 9%
- (vi) 10% of the profits after tax each year is transferred to reserves

Calculate the intrinsic value per Equity Share. Assume that out of total assets, worth ₹ 350 are fictitious.

5. (a) Give clearly the difference between amalgamation in the nature of merger and amalgamation in the nature of purchase.

Or

- (b) Following are the Balance Sheets of A Ltd. and B Ltd. as at 31st March, 2024 :

	A Ltd. ₹ (in '000)	B Ltd. ₹ (in '000)
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I. Equity and Liabilities

1. Shareholder's Funds :

(a) Share Capital :

Equity Share

Capital (₹ 10 each)	24,000	9,000
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12% Preference Share

Capital (₹ 10 each)	—	3,000
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(b) Reserves and Surplus :

General Reserve	13,830	2,940
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Statutory Reserve	1,170	375
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Surplus A/c	1,689	1,065
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2. Non-Current Liabilities :

13% Debenture	—	750
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3. Current Liabilities

	4,311	2,970
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	45,000	20,100
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II. Assets :

1. Non-Current Assets

Fixed Assets	33,000	14,190
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2. Current Assets

	12,000	5,910
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	45,000	20,100
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On 1st April, 2024, A takes over B Ltd. on the following terms :

- (i) A Ltd. will issue 1050000 Equity Shares of ₹ 10 each at par to the Equity Shareholders of B Ltd.
- (ii) A Ltd. will issue 33000, 12% Preference Shares of ₹ 100 each at par to the Preference Shareholders of B Ltd.
- (iii) Debentures of B Ltd. will be converted into equal number of 14% debentures of the same denomination

You are informed that the statutory reserves of B Ltd. are to be maintained for two more years. You are required to show the Balance Sheet of A Ltd. immediately after the above mentioned scheme of amalgamation has been implemented assuming that the amalgamation is in the nature of Merger.

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(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) Premium on issue of shares can be used for issue of bonus share.

(T / F)

(b) Ordinarily capital profits are not available for the distribution of dividend.

(T / F)

(c) Insolvency is a necessary condition for the liquidation of a joint-stock company.

(T / F)

(d) The value of goodwill is more in case of purchase of super profit method as compared to the annuity method of super profit.

(T / F)

(e) AS-14 deals with accounting for amalgamation.

(T / F)

2. Choose the correct answer from the given options and place its code in the brackets provided : 1×10=10

(a) Reserve Capital is a part of

(i) Paid-up Capital

(ii) Capital Reserve

(iii) Uncalled Capital

(iv) Capital Losses

[]

(b) Dividends are usually paid on

(i) Paid-up Capital

(ii) Authorized Capital

(iii) Called-up Capital

(iv) Issued Capital

[]

(c) Reduction of capital is unlawful except when

(i) sanctioned by the creditors

(ii) sanctioned by the court

(iii) sanctioned by the shareholders

(iv) None of the above

[]

(d) List 'H' shows

(i) Creditor's A/c

(ii) Debtor's A/c

(iii) Shareholder's A/c

(iv) Deficiency or Surplus A/c

(e) AS-14 deals with accounting for amalgamation.

(e) The company earns a net profit of ₹ 24,000 with a capital of ₹ 1,20,000. The NRR is 10% under capitalization of super profit; goodwill will be

(i) ₹ 1,20,000

(ii) ₹ 70,000

(iii) ₹ 12,000

(iv) ₹ 2,40,000

(f) When amalgamation is in the nature of merger, the accounting method to be followed is

(i) Equity method

(ii) Purchase method

(iii) Pooling of interest method

(iv) Consolidated method

(g) Debentures which do not carry any security in respect of repayment of interest or the principal are

(i) redeemable debentures

(ii) naked or simple debentures

(iii) first debentures

(iv) bearer debentures

(h) Provision for overriding preferential payment is under

(i) Creditor's A/c

(i) Section 323 of the Companies Act, 1956

(ii) Debtor's A/c

(ii) Section 326 of the Companies Act, 2013

(iii) Shareholder's A/c

(iii) Section 326 of the Companies Act, 1956

(iv) Deficiency or Surplus A/c

(iv) Section 323 of the Companies Act, 2013

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(i) Liquidator's Statement of Receipts & Payments is known as

(i) Cash Flow Statement

(ii) Cashbook

(iii) Liquidator's Final Statement of Account

(iv) Deficiency A/c []

(j) Under Net Assets method, the purchase consideration is calculated by calculating

(i) the net worth of the assets

(ii) the book value of the assets

(iii) original cost of the assets

(iv) None of the above []

3. Write short notes on the following : 2x5=10

(a) Amalgamation

(i) Section 323 of the Companies Act, 1956

(ii) the book value of the assets

(iii) Section 326 of the Companies Act, 1956

(iv) Section 326 of the Companies Act, 1956

(v) Section 323 of the Companies Act, 2013

(i) Liquidator's Statement of Receipts & Payments is known as

(i) Cash Flow Statement

(ii) Cashbook

(iii) Liquidator's Final Statement of Account

(iv) Deficiency A/c

(b) Bonus Share

(10)

(c) Valuation of Share

3. Write short notes on the following :

(a) Amalgamation

(11)

(d) Liquidation of Company

(e) Share Capital

(b) Liquidation of Company
