

2024

(CBCS)

(2nd Semester)

COMMERCE

(Honours)

Paper No. : BCH-2.1

(Corporate Accounting)

Full Marks : 75

Pass Marks : 40%

Time : 3 hours

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

1. (a) What do you mean by buyback of shares? Explain objective, advantage and disadvantage of buyback of shares.

2+4+5+4=15

Or

- (b) Evergreen Ltd. issued 25000 shares of ₹ 100 each at ₹ 130. Amount payable thereon as under :

On Application—₹ 50

On Allotment—₹ 50

(including premium)

(2)

On First call—₹ 20

On Final call—₹ 10

Applications were received for 30000 shares. All the shares were considered for allotment on pro-rata basis. All the calls were made and money received in full except 100 shares in both calls. Unpaid shares were forfeited after legal formalities. Forfeited shares were re-issued at ₹ 90 each.

Pass Journal Entries to give above effect and support with a Balance Sheet.

12+3=15

2. (a) The following is the Trial Balance of R. K. Ltd. as on 31st December, 2022 :

	Dr. ₹	Cr. ₹
Stock	12,500	—
Sales	—	40,000
Purchases	34,500	—
Wages	5,000	—
Discount	700	500
Salaries	750	—
Rent	495	—
General Expenses	1,705	—
Surplus A/c as at 01.01.22	—	1,503
Dividend Paid	900	—

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(Continued)

(3)

	Dr. ₹	Cr. ₹
Capital, 1000 shares of ₹ 10 each	—	10,000
Debtor and Creditor	3,750	1,750
Machinery	2,900	—
Cash	1,620	—
Reserve	—	11,550
Bad Debts	483	—
	<u>65,303</u>	<u>65,303</u>

Adjustments :

(i) Stock at the end ₹ 30,000

(ii) Directors declare 10% of final dividend

(iii) Income tax ₹ 3,000 required to provide

(iv) Transfer to Reserve Fund—₹ 2,000

(v) Ignore Corporate dividend tax

Prepare Statement of Profit & Loss and Balance Sheet as at 31st December, 2022. 6+6+3=15

Or

(b) Write need for valuation of share and discuss the various methods of valuation of share. 5+10=15

24L/983

(Turn Over)

3. (a) What do you mean by amalgamation? Write characteristics of amalgamation. Distinguish between amalgamation as merger and amalgamation as purchase.

$$3+6+6=15$$

Or

- (b) The Balance Sheet of Sona Ltd. on 31st December, 2022, was as follows :

Balance Sheet

I. Equity and Liabilities		₹
1. Share Capital :		
2000 Equity Shares of ₹ 100 each fully paid		2,00,000
1500 Equity Shares of ₹ 100 each fully paid		1,50,000
1000, 6% Preference Shares of ₹ 100 each fully paid		1,00,000
2. Non-Current Liabilities :		
Long-term borrowing—6% Debenture		1,00,000
Other Long-term liabilities—		
Long term Loan (Mortgage on Land & Building)		1,00,000
3. Current Liabilities		
Trade Payable		90,000
Short-term Provision—		
Income Tax		10,000
		<u>7,50,000</u>

II. Assets :

1. Non-Current Assets		
Fixed Assets—Tangible :		
Land and Building		2,00,000
Plant and Machinery		2,20,000
2. Current Assets :		
Inventories (Stock)		1,00,000
Trade Receivable (Debtors)		1,00,000
Cash and Cash Equivalent (Cash and Bank)		30,000
3. Other Current Assets :		
Profit & Loss		1,00,000
		<u>7,50,000</u>

The company went into Liquidation on 1st January, 2023.

The Preference dividends were in arrear for 3 years. The arrears are payable on liquidation. The assets were realized as follows :

Land and Building	2,40,000
Plant & Machinery	1,80,000
Stock	70,000
Debtors	60,000

The expenses of liquidation amounted to ₹ 8,000. The liquidator is entitled to a commission at 2% on all assets realized and 3% on amounts distributed to unsecured creditors. All payments were made on 30th June, 2023.

Prepare Liquidator's Final Statement. 15

4. (a) Write notes on the following : 3×5=15

- (i) Subsidiary company
- (ii) Cost of control
- (iii) Advantage of Consolidation of Financial Statements
- (iv) Calculation of Minority Interest
- (v) Rules for preparing a Consolidated Balance Sheet

Or

(b) The following are the summarized Balance Sheets of H. Ltd. and its subsidiary S. Ltd. on 31.12.2021 :

*Balance Sheet of H. Ltd. and S. Ltd.
as at 31.12.2021*

	H Ltd.	S Ltd.
	₹	₹
I. Equity and Liabilities		
1. Shareholders' Funds :		
(a) Share Capital :		
Equity Share of		
₹ 10 each	5,00,000	1,00,000

(Continued)

	H Ltd.	S Ltd.
	₹	₹
(b) Reserve and Surplus :		
Profit & Loss A/c	55,000	40,000
2. Current Liabilities :		
Trade Payables (Creditors)	20,000	35,000
	<u>5,75,000</u>	<u>1,75,000</u>

II. Assets :

1. Non-Current Assets

(a) Fixed Assets :

Tangible Assets :

Land	1,00,000	40,000
Building	1,00,000	50,000

(b) Non-Current Investments

(8000 Equity Shares

of S Ltd.)

1,25,000 —

2. Current Assets :

(a) Inventories (Stock)

90,000 30,000

(b) Trade Receivable (Debtors) 40,000 30,000

(c) Cash and Cash Equivalent—

Cash in Hand 1,20,000 25,000

5,75,000 1,75,000

H. Ltd. acquired shares in S. Ltd. on 1st January, 2021 when S. Ltd. had ₹ 25,000 in Profit & Loss A/c. No dividend has been declared by S. Ltd. in 2021.

Prepare a Consolidated Balance Sheet of H. Ltd. and its subsidiary S. Ltd. as on 31st December, 2021.

15

5. (a) Discuss schedulewise components of Profit & Loss A/c and Balance Sheet of banking company. 15

Or

- (b) From the following information, prepare the Profit & Loss A/c of ABC Bank Ltd. for the year ended on 31st March, 2021 : 15

	₹
Interest on Loan	2,59,000
Interest on Fixed Deposits	2,75,000
Rebate on Bills Discounted required	49,000
Commission	8,200
Establishment	54,000
Discount on Bills Discounted (Net)	1,95,000
Interest on Cash Credit	2,23,000
Interest on Current A/c	42,000
Rent and Taxes	18,000
Interest on Overdraft	1,54,000
Director's Fee	3,000
Auditor's Fee	1,200
Interest on Savings Bank Deposits	68,000
Postage and Telegrams	1,400
Printing and Stationery	2,900
Sundry Expenses	1,700

Bad Debts to be written off amounted to ₹ 40,000. Provision for taxation may be made @ 55%. Balance of Profit from last year was ₹ 1,20,000. Transfer 25% of profits to statutory reserve and provide ₹ 20,000 for dividends.
