



'সমানো মন্ত্র: সমিতি: সমানী'

**UNIVERSITY OF NORTH BENGAL**  
B.Com. Honours 2nd Semester Examination, 2023

**CC3-COMMERCE**

**CORPORATE ACCOUNTING**

**NEW SYLLABUS**

Time Allotted: 2 Hours

Full Marks: 60

*The figures in the margin indicate full marks.*

**GROUP-A**

**Answer any two questions**

12×2 = 24

1. ATC Ltd. invited applications for 20,000 of its Equity Shares of ₹10 each at a premium of ₹2 per share payable ₹3 on application, ₹7 on allotment (including premium) and the balance on first and final call. Applications for 27,000 shares were received. It was decided to:
- Refuse allotment to the applicants for 3,000 shares
  - Allot in full to the applicants for 4,000 shares
  - Allot the balance of the available shares *pro rata* among the other applicants
  - Utilise excess application money in part payment of allotment money.
- Mr. X holding 250 shares to whom shares had been allotted on *pro rata* basis failed to pay the amount due on allotment and call. Mr. Y holding 150 shares to whom full allotment was made failed to pay the amount due on call. These shares were forfeited. 150 forfeited shares of Mr. X and 100 forfeited shares of Mr. Y were reissued at a discount of Re. 1 per share to Mr. Z. Show the necessary journal entries including Cash in the books of the company.
2. From the under mentioned trial balance of XYZ Ltd., prepare a profit and loss statement for the year ended 31st March 2022 and the balance sheet as at that date:

Debit	₹	Credit	₹
Opening Stock	30,000	Equity Share Capital	1,00,000
Rent and Taxes	6,000	(1,000 Shares of ₹100 each)	
Purchases	60,900	5% Debentures	25,000
Wages	55,200	Sales	1,75,000
Fuel	2,570	Trade Payables	8,000
Building	70,000	Bank Overdraft	12,000
Carriage Inward	1,175	Miscellaneous Income	2,300
Trade Receivables	20,000	Returns Outward	100
Goodwill	28,000		

Plant and Machinery	25,000		
Loose Tools	6,000		
Advertisement	3,000		
General Expenses	5,900		
Bad Debts	1,030		
Debentures Interest (half year up to 31.12.21)	625		
Miscellaneous Expenses	3,000		
Insurance	1,000		
Cash and Bank	3,000		
	<b>3,22,400</b>		<b>3,22,400</b>

**Further Information:**

- (i) The authorised capital of the company is ₹2,00,000
- (ii) Stock as on 31st March 2022 was ₹35,000
- (iii) Depreciate plant and machinery by 10% and revalue Loose tools at ₹4,100
- (iv) Provide 2% as bad debt reserve.
- (v) A dividend at 10% was proposed by the Board of Directors.  
Ignore Taxation.

3. From the Balance Sheets and additional information given below, prepare a Consolidated Balance sheet:

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Balance Sheets of H Ltd. and S Ltd. as at 31st December 2022

Particulars (1)	Note No. (2)	H Ltd. (₹) (3)	S Ltd. (₹) (4)
<b>(I) EQUITY AND LIABILITIES</b>			
(1) Shareholder's Funds:			
(a) Share Capital- Equity Shares of ₹100 each		5,00,000	2,00,000
(b) Reserve and Surplus:			
General Reserve		60,000	40,000
Profit and Loss Account		30,000	10,000(Cr.)
(2) Share Application Money Pending Allotment:		-	-
(3) Non-Current Liabilities:			
(a) 12% Debentures of ₹100 each (secured)		-	1,00,000
(4) Current Liabilities			
(a) Trade Payables:			
Creditors		40,000	25,000
Bills Payable		12,000	8,000
(b) Short-term Provisions		40,000	20,000
<b>TOTAL</b>		<b>6,82,000</b>	<b>4,03,000</b>
<b>(II) ASSETS</b>			
(1) Non-Current Assets:			
(a) Fixed Assets			
(i) Tangible Assets- Plant and Machinery		3,50,000	3,20,000
(b) Non-Current Investments:			
Shares in S Ltd. (1500 shares @ ₹120 each)		1,80,000	-
12% Debentures (400 Debentures @ ₹90 each)		36,000	-

(2) Current Assets:		
(a) Current Investments		
(b) Inventories- Stock	35,000	15,000
(c) Trade Receivables:		
Debtors	60,000	30,000
Bills Receivable	10,000	8,000
(d) Cash and Cash equivalents- Cash in Hand	11,000	30,000
<b>TOTAL</b>	<b>6,82,000</b>	<b>4,03,000</b>

**Additional Information:**

- (i) When H Ltd. acquired the shares of S Ltd., the General Reserve and Profit and Loss Account of S Ltd. showed a balance of ₹30,000 and ₹4,000 (Dr.) respectively.
- (ii) Creditors of S Ltd. include ₹10,000 for goods supplied by H Ltd. at a profit of 20% on sales. Half of the goods were still in stock on 31.12.2022.
- (iii) The bills accepted by H Ltd. were all in favour of S Ltd.
- (iv) Plant and Machinery were over-valued by ₹20,000.

4. (a) Define Purchase Consideration as per AS-14. 3+5+4
- (b) State the different conditions which must be satisfied for treating an amalgamation in the nature of merger.
- (c) Define Capital Reduction and state its forms.

**GROUP-B**

- 5 Answer any **four** questions: 6×4 = 24

- (a) From the following information calculate the value of goodwill as on 31.3.2022: 6

Equity Share Capital (₹10)	₹5,00,000
10% Preference Share Capital	₹2,00,000
Reserves and Surplus	₹75,000
9% Debentures	₹1,20,000
Depreciation Fund	₹60,000
Creditors	₹50,000
Assets side of Balance Sheet include preliminary expenses	₹20,000

Market Value of assets is 70,000 more than the book value.

Profits for the last three years after 40% tax were ₹75,000, ₹84,000 and ₹1,14,000 respectively.

Fair return on capital employed in this type of business estimated at 10%.

You are required to calculate the value of goodwill based on 3 years' purchase of Super Profit.

- (b) What are the different methods of redemption of debentures? 6
- (c) The following balances were extracted from the books of Fortune Ltd. as on 30th June 2022: 6

4,000, 8% Redeemable Preference Shares of ₹100 each fully called up	4,00,000
Less: Calls-in-Arrear at ₹20 per share on 600 shares	12,000
	<u>3,88,000</u>
Profit and Loss Account Balance	1,00,000
Capital Reserve	20,000

The Preference shares were redeemed on 1st July, 2022 at a premium of ₹5 per share. The company issued such further equity shares of ₹10 each—as were necessary for the purpose of redeeming the preference shares—which were fully subscribed and duly allotted.

You are required to show the Journal Entries showing the transactions relating to the redemption of shares.

- (d) From the following information calculate Net Cash Flow from Investing Activities: 6

	Opening (₹)	Closing (₹)
Machinery (at cost)	8,00,000	8,40,000
Accumulated Depreciation	2,00,000	2,20,000
Patents	5,60,000	3,20,000

**Additional Information:**

- (i) During the year a machine costing ₹80,000 with an accumulated depreciation of ₹48,000 was sold for ₹40,000.
- (ii) Patents were written-off to the extent of ₹80,000 and some patents were sold at a profit of ₹40,000.
- (e) (i) What is Minority Interest? 2+4
- (ii) State the advantages and disadvantages of consolidation of financial statements.
- (f) (i) What is the need for valuation of shares? 2+4
- (ii) What is the difference between “Asset Backing Method” and “Yield Valuation Method” for valuing the shares?

**GROUP-C**

6. Answer any **four** questions: 3×4 = 12
- (a) What do you mean by Bonus Shares? How is it different from Right Shares? 3
- (b) What do you mean by Capital Redemption Reserve Account? Why is it created? 3
- (c) What are the advantages of preparation of Cash Flow Statement? 3
- (d) Explain the following: 3
- (i) Interim Dividend.
- (ii) Unclaimed Dividend.
- (iii) Preference Dividend.
- (e) State the important factors to be taken into consideration in valuing Goodwill. 3
- (f) What do you mean by Buy Back of Shares? 3

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