



‘समानो मन्त्रः समितिः समानी’

UNIVERSITY OF NORTH BENGAL
B.Com. Honours 3rd Semester Examination, 2023

CC7-COMMERCE
CORPORATE ACCOUNTING
OLD 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. The books of XYZ Ltd. showed the following balances on 31.12.2016: 12
15,000 Equity shares of Rs. 10 each, fully paid; 2,500, 10% Redeemable Preference Shares of Rs. 100 each, fully paid; 500, 10% Redeemable Preference Shares of Rs. 100 each, Rs. 70 per share paid up; General Reserve: Rs. 75,000; Profit & Loss Account (Cr.): Rs. 1,60,000; Securities Premium: Rs. 15,000; Investment; Rs. 1,20,000; Cash at Bank: Rs. 39,600.
The company decided to redeem the preference shares on 01.01.2017 at a premium of 8%. For this purpose the company sold the investment at Rs. 1,08,000 and decided to issue sufficient number of equity shares of Rs. 10 each at a premium of Re. 1 per share subject to leaving a minimum bank balance of Rs. 9,600 after such redemption.
Show necessary Journal Entries (including cash transactions) in the books of the company to record the above transactions.
2. (a) Define Goodwill. What are the characteristics of Goodwill? 4+8
(b) Given below are the extracts from the Balance Sheet of ROLEX Ltd. as at 31st March, 2023:

Particulars	₹
Equity Shares of ₹10 each	20,00,000
12% Preference Shares of ₹100 each	5,00,000
Reserves and Surplus	10,00,000
10% Debentures	4,00,000
Current Liabilities	5,00,000
Goodwill	2,00,000
Fixed Tangible Assets	30,00,000
10% Trade Investments	5,00,000
Current Assets	7,00,000

Additional Information:

- (i) Average Profit after tax @ 40% ₹7,50,000.
(ii) Trade Investments are to be valued at 150% of Face Value (i.e. ₹4,00,000).

(iii) Rate of Income tax- 30% with effect from 1st April, 2023.

(iv) Normal rate of return- 20%.

Calculate the value of Goodwill.

3. (a) What is meant by the term 'Cash Flows'? What are the limitations of Cash Flow Statement? 1+3+8

(b) From the following particulars, calculate the Net Cash Flow from Operating Activities:

Particulars	Closing (₹)	Opening (₹)
Profit & Loss A/c	7,000	1,000 (Dr.)
General Reserve	10,000	15,000
Proposed Dividend	25,000	21,000
Provisions for taxation	25,000	15,000
15% Debentures	34,000	22,000
Trade Payables	22,000	24,000
Fixed Assets (Gross)	74,000	74,000
Accumulated depreciation	30,000	24,000
10% Current Investment	20,000	10,000
Trade Receivables (Gross)	48,400	15,000
Provision for doubtful Debts	10,000	5,000
Inventories	15,000	25,000
Cash and Cash Equivalents	5,600	1,000

Income tax provided during the year ₹30,000.

4. The following information has been extracted from the Balance Sheets as on 31.12.2022 of H Ltd. and S Ltd. 12

	H Ltd.	S Ltd.
Equity Share Capital @ ₹100 each	10,00,000	5,00,000
General Reserve (01.01.2022)	1,00,000	50,000
Profit & Loss A/c (Cr.)	2,40,000	1,10,000
Creditors	1,50,000	70,000
Land & Building (at cost)	3,10,000	1,60,000
Machinery at cost less 10% Depreciation	2,70,000	1,35,000
Investment in 3,000 Equity Shares in S Ltd.	4,50,000	-
Inventories at cost	2,20,000	1,50,000
Debtors	1,55,000	90,000
Cash at Bank	85,000	1,95,000

Additional Information:

(i) Profit for the year 2022 of H Ltd. and S Ltd. were ₹2,00,000 and ₹80,000 respectively.

(ii) The 3,000 Shares in S Ltd. were acquired by H Ltd. on 30.6.2022.

(iii) Machinery was revalued at ₹1,60,000 on the date of acquisition.

Prepare a Consolidated Balance Sheet of H Ltd. and S Ltd. as at 31.12.2022.

GROUP-B

5. Answer any **four** questions: 6×4 = 24
- (a) What are the advantages of Cash Flow Statement? 6
- (b) What are the different methods of redemption of debentures? 6
- (c) Distinguish between Amalgamation in the nature of merger and of the nature of purchase. 6
- (d) Mention the important points in connection with re-issue of forfeited shares. 6
- (e) Why are bonus shares issued? Discuss the conditions to be satisfied while issuing bonus shares. 6
- (f) The following information has been extracted from the Balance Sheet of Mr. Roy Ltd. as at 31.12.2022: 2+2+2

Equity Share Capital	₹5,00,000
Preference Share Capital	₹2,00,000
General Reserve	₹1,00,000
Secured Loan	₹3,00,000
Sundry Creditors	₹1,00,000
Land & Building	₹1,00,000
Machinery	₹4,00,000
Furniture	₹50,000
Inventory	₹3,00,000
Sundry Debtors	₹3,00,000
Cash and Bank Balance	₹50,000

Calculate:

- (i) Current Ratio
- (ii) Proprietary Ratio
- (iii) Debt-Equity Ratio.

GROUP-C

6. Answer any **four** questions: 3×4 = 12
- (a) Discuss the limitation of ratio analysis. 3
- (b) What is 'Surrender of Shares'? 3
- (c) Distinguish between Interim Dividend and Final Dividend. 3
- (d) State the various methods of Valuation of Shares. 3
- (e) What is Purchase Consideration? 3
- (f) From the following information, calculate the value of shares of a company: 3
- (i) Average Profit- ₹1,00,000
- (ii) Expected rate of earnings on capital- 40%
- (iii) Normal rate of return- 12.5%
- (iv) Face Value of Share- ₹10

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