



‘समानो मन्त्रः समितिः समानी’  
**UNIVERSITY OF NORTH BENGAL**  
 BBA Honours 5th Semester Examination, 2023

**DSE1/2-BBA**

Time Allotted: 2 Hours

Full Marks: 60

*The figures in the margin indicate full marks.*

**PAPER-5FA**  
**CORPORATE ACCOUNTING**

**GROUP-A**

**Answer any two questions**

12×2 = 24

1. Tushar Ltd. issued a prospectus inviting applications for 40,000 shares of ₹10 each at a premium of ₹2 per share payable as follows: on application ₹2, on allotment ₹5 (including premium), on first call ₹3, on second and final call ₹2. Applications were received for 60,000 shares and prorata allotment was made on the applications for 48,000 shares. It was decided to utilize excess application money towards the amount due on allotment. Rahul to whom 800 shares were allotted failed to pay the allotment money and Mohon, the holder of 1,200 shares failed to pay the two calls. These were subsequently forfeited after the second call was made. All the forfeited shares were reissued as fully paid for ₹9 per share. You are required to pass the necessary journal entries in the books of Tushar Ltd. 12
2. Given below are the extracts of the Balance sheets of P Ltd. and V Ltd. as at 31st March 2022: 12

Particulars	P Ltd. (₹ in lakhs)	V Ltd. (₹ in lakhs)
Equity Share Capital (Fully paid shares of ₹10 each)	7,500	3,000
Securities Premium	1,500	-
Foreign Project Reserve	-	155
General Reserve	4,750	1,575
Profit and Loss Account	1,435	412
12% Debentures	-	500
Trade Payables	1,515	583
Tangible Fixed Assets	11,152	3,326
Inventories	3,931	2,020
Trade Receivables	1,060	550
Cash at Bank	557	304
Cost of issue of Debentures	-	25

All the bills receivable held by V Ltd. were P Ltd. acceptances.

On 1st April 2022, P Ltd. took over V Ltd. in an amalgamation in the nature of the merger. It was agreed that in the discharge of consideration for the business,

P Ltd. would allot three fully paid equity shares of ₹10 each at par for every two shares held in V Ltd. It was also agreed that 12% debentures in V Ltd. would be converted into 13% debentures in P Ltd. of the same amount and denomination. Expenses of amalgamation amounting to ₹1 lakh were borne by P Ltd. You are required to pass necessary journal entries in the book of P Ltd.

3. (a) Define Goodwill. Discuss the main factors affecting the value of goodwill of a joint stock company. 1+3
- (b) Explain the different methods of valuation of shares. 8
4. H Ltd. acquired an investment of 1,50,000 shares in S Ltd. for ₹15,50,000 on 1st July, 2022. The balance sheets of the two companies on 31st March, 2023 were as follows: 12

Particulars	Note No.	H Ltd. (₹)	S Ltd. (₹)
<b>I. Equity and Liabilities</b>			
<u>Shareholders Fund</u>			
Share Capital	1	90,00,000	25,00,000
Reserves and Surplus	2	24,00,000	6,50,000
<u>Current Liabilities</u>			
Trade Payables	3	9,00,000	5,00,000
<b>Total</b>		<b>1,23,00,000</b>	<b>36,50,000</b>
<b>II. Assets</b>			
<u>Non-Current Assets</u>			
<u>Fixed Assets</u>			
Tangible Assets	4	80,00,000	22,00,000
Non-current Investments	5	15,50,000	
<u>Current Assets</u>			
Inventories		10,00,000	5,00,000
Trade Receivables	6	8,50,000	5,50,000
Cash and cash equivalents	7	9,00,000	4,00,000
<b>Total</b>		<b>1,23,00,000</b>	<b>36,50,000</b>

Notes:

	H Ltd. (₹)	S Ltd. (₹)
<b>1. Share Capital</b>		
Issued, Subscribed and Paid up (Fully paid ₹10 each)	<b>90,00,000</b>	<b>25,00,000</b>
<b>2. Reserve &amp; Surplus</b>		
General Reserve	16,00,000	4,00,000
Surplus i.e. credit balance of Profit and Loss A/c	8,00,000	2,50,000
	<b>24,00,000</b>	<b>6,50,000</b>
<b>3. Trade Payables</b>		
Total of account of Credit Suppliers	5,00,000	3,00,000
Bills payable	4,00,000	2,00,000
	<b>9,00,000</b>	<b>5,00,000</b>

**4. Tangible Assets**

Machinery	70,00,000	15,00,000
Furniture	10,00,000	7,00,000
	<b>80,00,000</b>	<b>22,00,000</b>

**5. Non-current Investments**

1,50,000 Equity shares in S Ltd., at cost	<b>15,50,000</b>	
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**6. Trade Receivables**

Total of account of credit customers	6,00,000	3,50,000
Bills Receivables	2,50,000	2,00,000
	<b>8,50,000</b>	<b>5,50,000</b>

**7. Cash and Cash Equivalent**

Balance with Bank	<b>9,00,000</b>	<b>4,00,000</b>
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The following additional information is provided to you:

- (i) General Reserve appearing in the balance sheet of S Ltd. remained unchanged since March, 2022.
  - (ii) Profit earned by S Ltd. during the year amounted to ₹2,00,000.
- You are required to draw a consolidated balance sheet as at 31st March, 2023.

**GROUP-B**

5. Answer any **four** questions: 6×4 = 24
- (a) Define a debenture. Enumerate the points of distinction between a debenture and a share.
  - (b) Distinguish between Interim dividend and Final dividend.
  - (c) Differentiate between amalgamation in the nature of the merger and of the nature of purchase.
  - (d) Explain the concept of holding companies. What is meant by mutual owings between the holding company and the subsidiary company?
  - (e) Why are bonus shares issued? What are the conditions which have to be satisfied while making such an issue?
  - (f) What is the Super Profits Method of evaluating the goodwill of a joint stock company?

**GROUP-C**

6. Answer any **four** questions: 3×4 = 12
- (a) Explain the concept of minority interest with reference to a holding company.
  - (b) What are the two different methods of calculating purchase considerations?
  - (c) What is meant by Financial Statements?
  - (d) Enumerate any two methods of redemption of debentures.
  - (e) What is Capital Redemption Reserve Account?
  - (f) What is meant by Reserve Capital?

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