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(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) What do you understand by a debenture? Describe briefly the different types of debentures. 2+7=9

Or

- (b) A company invited the public to subscribe for 100000 equity shares of ₹ 10 each at a premium of ₹ 1 per share

(2)

payable on allotment. Payments were to be made as follows :

	₹
On Application	3
On Allotment	3
On First Call	3
On Final Call	2

Applications were received for 130000 shares; applications for 20000 shares were rejected and allotment was made proportionately to the remaining applicants. Both the calls were made and all the money were received except the final call on 3000 shares which are forfeited after due notice. Later all these shares were issued as fully paid at ₹ 8.50 per share.

Pass Journal Entries.

9

2. (a) What are divisible profits? Briefly explain the provisions of company law regarding maintenance of proper books of account.

2+7=9

(Continued)

(3)

Or

- (b) Following is the Trial Balance of Mahesh Co. Ltd. as at 31st March, 2014 :

Particulars	₹	₹
Stock on 31st March, 2013	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 on 31st March, 2013		15,030
Dividends Paid	9,000	
Share Capital		1,00,000
Debtors and Creditors	37,500	17,500
Plant and Machinery	29,000	
Cash at Bank	16,200	
Reserve		15,500
Patents and Trade Mark	4,830	
	<u>5,03,030</u>	<u>5,03,030</u>

Prepare statement of Profit & Loss A/c for the year ended 31st March, 2014 and Balance Sheet as on that date as per the Companies Act, 2013. Take into account the following adjustments :

9

- (i) Stock on 31st March, 2014 was valued at ₹ 82,000

L9/470a

L9/470a

(Turn Over)

- (ii) Depreciation on fixed assets @ 10%
 (iii) Make a provision for income tax @ 50%
 (iv) Ignore corporate dividend tax

3. (a) What is preferential payment? Explain the preferential creditors as given under the Indian Companies Act. 2+7=9

Or

- (b) X Ltd. has gone into voluntary liquidation. You are required to prepare the Liquidator's Final Statement of Account allowing for his remuneration @ 2% on the amount realized on assets and 2% on the amount distributed to unsecured creditors other than preferential creditors : 9

	₹
Unsecured Creditors	2,24,000
Preferential Creditors	70,000
Debentures	75,000

The assets realized the following sums :

	₹
Cash in Hand	40,000
Land and Building	1,30,000
Plant and Machinery	1,10,500
Fixtures and Fittings	7,500

(Continued)

The liquidation expenses amount to ₹ 2,000. A call of ₹ 2 per share on the partly paid 10000 equity shares was made and duly paid except in case of one shareholder owning 1000 shares.

4. (a) Explain various methods of valuing shares. 9

Or

- (b) Following are the liabilities and assets of Messres H. Desai & Co. Private Ltd. as on 31st December, 2014 :

Liabilities	Amount ₹	Assets	Amount ₹
Share Capital : 10000 shares of ₹ 10 each	1,00,000	Land and Building at cost less Depre- ciation	77,000
General Reserve	50,000	Plant and Machinery at cost less Depre- ciation	70,000
Taxation Reserve	20,000	Trade Marks	20,000
Workmen's Savings A/c	20,000	Stock	20,000
Surplus A/c	30,000	Debtors	48,000
Sundry Creditors	40,000	Cash at Bank	25,000
	<u>2,60,000</u>		<u>2,60,000</u>

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(Turn Over)

The Plant & Machinery is worth ₹ 60,000 and Land & Building is worth ₹ 1,30,000 as valued by an independent valuer. ₹ 5,000 of the debtors is to be taken as bad. The profits of the company were :

2012—₹ 50,000

2013—₹ 60,000

2014—₹ 70,000

It is the practise of the company to transfer 20% of the profits to reserve.

Ignoring taxation, find out the value of shares of the company on their intrinsic or net assets basis as also on yield basis. Share of similar companies quoted in the stock exchange yield 12% on their market value. Goodwill of the company may be taken at ₹ 1,00,000. 9

5. (a) What is internal reconstruction? Explain the various provisions of alteration of share capital. 2+7=9

Or

- (b) Show the necessary Journal Entries in the books of Transferor Company. 9

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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

Answer all questions

1. Indicate whether the following statements are *True (T)* or *False (F)* by putting a Tick (✓) mark : 1×5=5

(a) The company must pass a special resolution for reduction of capital.

(T / F)

(b) If future earnings are less than normal earnings, there is no goodwill.

(T / F)

(c) List H attached to the statement of affairs shows Deficiency or Surplus A/c.

(T / F)

(d) No dividend is payable on calls-in-advance. (T / F)

(e) Debentures can be issued at a discount and can be redeemed at a premium. (T / F)

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

(a) Which of the following accounts can be used for transfer to Capital Redemption Reserve A/c?

(i) General Reserve A/c

(ii) Forfeited Share A/c

(iii) Profit Prior to Incorporation

(iv) Securities Premium A/c []

(b) Which of the following is an example of fictitious assets?

(i) Machinery

(ii) Stock

(iii) Patent

(iv) Preliminary Expenses []

(c) Liquidator's Statement of Receipts and Payments is known as

(i) Cash Flow Statement

(ii) Cashbook

(iii) Liquidator's Final Statement of Account

(iv) Deficiency A/c []

(d) 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) ₹ 24,000 []

(e) 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 []

(f) No amount of liabilities is deducted even if they are assumed by

(i) holding company

(ii) purchasing company

(iii) subsidiary company

(iv) transferee company []

- (g) Excess of average profits over the normal profits based on normal rate of return
- (i) Average profits
 - (ii) Super profits
 - (iii) Future profits
 - (iv) Earning capacity profits []
- (h) Provision for overriding preferential payment is under
- (i) Section 323 of the Companies Act, 1956
 - (ii) Section 326 of the Companies Act, 2013
 - (iii) Section 326 of the Companies Act, 1956
 - (iv) Section 323 of the Companies Act, 2013 []
- (i) Unclaimed dividend is shown on the liabilities side of the Balance Sheet under the heading
- (i) Reserve and Surplus
 - (ii) Current Liabilities
 - (iii) Investment
 - (iv) Provisions []
- (j) 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 []

3. Write short notes on the following : 2×5=10

- (a) Lumpsum method of calculating purchase consideration

(6)

(b) Arbitrary assessment of calculating goodwill

(7)

(c) Order of payments on liquidation

(d) Long-term borrowings

(e) Forfeiture of shares
