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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) Distinguish between Share and Debenture. 9

Or

(b) ABC Ltd. invited applications for 20000 shares of ₹ 100 each at a discount of 6% payable :

On application—₹ 25

On allotment—₹ 34

On first and final calls—₹ 35

**L23/614a**

**( Turn Over )**

The applications were received for 18000 shares and all of these were accepted. All moneys due were received in full except on the first and final calls on 200 shares which were forfeited. 100 shares were reissued @ ₹ 90 as fully paid.

Pass entries in the Cashbook and Journal of the company. 3+6=9

2. (a) What is meant by the term 'divisible profit'? Explain the principles of determination of the divisible profits.

3+6=9

Or

- (b) Following balances are extracted on 31st March, 2020 from the book of CB Ltd. :

<i>Debit</i>	₹	<i>Credit</i>	₹
Premises at cost	4,50,000	Share Capital :	
Plant & Machinery		30000, 7% Prefer-	
at cost	3,49,160	ence Shares of	
Motor Lorries		₹ 10 each	3,00,000
at cost	73,000	60000 Equity	
Sundry Debtors	1,21,780	Shares of	
Bad Debts		₹ 10 each	6,00,000
written off	2,850	Surplus A/c	16,240
Rent, Rates &		Gross Profit	
Taxes	28,400	for the year	2,46,640

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( Continued )

Debit	₹	Credit	₹
Advertisement	19,500	Provision for	
Cash at Bank	68,500	Doubtful Debts	9,000
Directors' Fees	3,600	Sundry Creditors	1,29,640
Audit Fees	10,000	Transfer Fees	110
Stock (31.03.2020)	1,14,600	Accrued Wages	12,840
Rent & Taxes		Staff Welfare Fund	17,900
paid in advance	7,980		
Salaries & Wages	32,000		
Dividends paid on :			
Preference Shares	21,000		
Equity Shares			
(interim)	15,000		
Patents	15,000		
	<u>13,32,370</u>		<u>13,32,370</u>

The provision for doubtful debts is to be created up to ₹ 10,200. Fixed assets are to be depreciated by 10%. The authorized capital of the company is ₹ 10,00,000 divided into shares of ₹ 10 each.

You are required to prepare Statement of Profit & Loss for the year ended 31st March, 2020.

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3. (a) What do you mean by Statement of Affairs of the company? Discuss the procedure of preparation of Statement of Affairs.

2+7=9

Or

(b) Following were the liabilities and assets of X Ltd. as on 31st March, 2021 :

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Share Capital :		Fixed Assets :	
14%, 4000 Preference Shares of ₹ 100 each fully paid up	4,00,000	Land	40,000
8000 Equity Shares of ₹ 100 each, ₹ 60 per share paid up	4,80,000	Buildings	1,60,000
14% Debentures (having floating charge on all assets)	2,30,000	Plant & Machinery	5,40,000
Interest accrued on above debentures	32,200	Patents	40,000
Loan on mortgage of Land & Building	1,50,000	Current Assets :	
Sundry Creditors	1,17,800	Stock at cost	1,00,000
	<u>14,10,000</u>	Sundry Debtors	2,30,000
		Cash at Bank	60,000
		Profit & Loss A/c	2,40,000
			<u>14,10,000</u>

On 31.03.2021, the company went into voluntary liquidation. The dividend on 14% Preference Shares was in arrears for one year. Sundry Creditors include Preferential Creditors amounting to ₹ 30,000.

The assets realized as under :

	₹
Land	80,000
Buildings	2,00,000
Plant & Machinery	5,00,000
Patents	50,000
Stock	1,60,000
Sundry Debtors	2,00,000

The liquidation expenses amounted to ₹ 29,434. The liquidator is entitled to a commission of 2% on all assets realized (except cash at bank) and 2% on amounts distributed among unsecured creditors other than preferential creditors. All payments were made on 30th July, 2021. Ignore interest on mortgage loan.

Prepare the Liquidator's Final Statement of A/c. 9

4. (a) Explain the different methods of valuation of shares in brief. 9

Or

(b) Following are the particulars of a trader :

(i) Profits earned for three years :

	₹
2018-19	2,00,000
2019-20	2,40,000
2020-21	2,20,000

- (ii) Normal rate of return 10%
- (iii) Capital employed—₹ 12,00,000
- (iv) The profits included non-recurring profit on an average basis of ₹ 3,000

Calculate the value of Goodwill as per capitalization method by using average capital employed.

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5. (a) What is meant by internal reconstruction? Discuss the procedure for reducing share capital. . 3+6=9

Or

- (b) Following is the Statement of assets and liabilities of X Co. Ltd. as on 31st March, 2021 :

Liabilities	₹	Assets	₹
12000 Shares of ₹ 10 each fully paid up	1,20,000	Land & Buildings	90,000
Sundry Creditors	30,000	Machinery	50,000
Bank Overdraft	28,000	Stock	17,000
		Sundry Debtors	20,000
		Discount on Shares	1,000
	<u>1,78,000</u>		<u>1,78,000</u>

The company went into voluntary liquidation and the assets were sold to Y Co. Ltd. for ₹ 1,50,000 payable ₹ 60,000 in cash (which is sufficient to

( 7 )

pay Creditors, Bank Overdraft and the winding expenses of ₹ 2,000) and ₹ 90,000 by the allotment of 12000 shares of ₹ 10 each of Y Co. Ltd. @ ₹ 7.50 per share paid up to the shareholders of X Co. Ltd.

Pass necessary Journal Entries in the books of X Co. Ltd.

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2023

( 4th Semester )

**COMMERCE**

Paper : BC-404

**( Corporate Accounting )**

( PART : A—OBJECTIVE )

( Marks : 25 )

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

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

1×5=5

(a) A company can redeem its preference shares.

( T / F )

(b) Debentureholders get their money back only on the liquidation of the company.

( T / F )



(c) No dividend is payable on calls-in-advance.

( T / F )

(d) Goodwill should not be recorded unless it is purchased.

( T / F )

(e) Internal reconstruction means reduction of Share Capital of a company.

( T / F )

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

(a) Preference Shareholders are the

(i) creditors of the company

(ii) owners of the company

(iii) customers of the company

(iv) None of the above

[       ]

(b) Public Limited Companies cannot issue

(i) Equity Shares

(ii) Preference Shares

(iii) Deffered Shares

(iv) Sweat Equity Shares [ ]

(c) Share Forfeited Account is shown on the liabilities side of the Balance Sheet under the head

(i) Share Capital

(ii) Reserves and Surplus

(iii) Current Liabilities and Provisions

(iv) None of the above [ ]

(d) Goodwill is a/an

(i) Intangible Fixed Asset

(ii) Tangible Fixed Asset

(iii) Tangible Current Asset

(iv) Intangible Current Asset [ ]

(e) Liquidator's Final Statement of Account is prepared

(i) only in case of members voluntary winding-up

(ii) only in case of compulsory winding-up

(iii) in all modes of winding-up

(iv) None of the above [ ]

(f) Creditors having floating charge on assets have priority in payment over

(i) secured creditors

(ii) unsecured creditors

(iii) preferential creditors

(iv) None of the above

(g) List D contains the list of

(i) debentureholders

(ii) shareholders

(iii) preferential creditors

(iv) assets

(h) When an existing company takes over the business of another existing company, it is amalgamation in the nature of

(i) merger

(ii) purchase

(iii) both merger and purchase

(iv) None of the above

(i) The company that takes over the business of another company is called

(i) holding company

(ii) parent company

(iii) transferee company

(iv) transferor company

01-2 (j) When the transferee company agrees to pay a fixed sum to the transferor company, it is called

- (i) lump sum method of purchase consideration
- (ii) net worth method of purchase consideration
- (iii) net payment method of purchase consideration
- (iv) intrinsic value method of purchase consideration [ ]

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

(a) Guarantee Companies

(i) Jump sum method of purchase consideration

(ii) Net worth method of purchase consideration

(iii) Net payment method of purchase consideration

(iv) Intrinsic value method of purchase consideration



(b) Surrender of Shares

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(c) Dividends

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(d) Preferential Creditors

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(e) Purchase Consideration

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