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(CBCS)

(2nd Semester)

COMMERCE

(Honours)

Paper : BCH-2.1

(Corporate Accounting)

Full Marks : 75

Pass Marks : 40%

Time : 3 hours

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

1. (a) What is Bonus Share? What are the advantages and disadvantages of Bonus Shares? 3+(6+6)=15

Or

- (b) B Ltd. issued 1000 shares of ₹ 100 each at a premium of ₹ 20. The amount payable thereon are as under :

On application—₹ 20

On allotment—₹ 60

(including premium)

On first call—₹ 30

On final call—₹ 10

Applications were received for 15000 shares. Only 12000 shares were allotted on pro rata basis. The remaining 3000 shares were rejected and their amount refunded. All the calls were made and money received in full, except 100 shares of Mr. X in both calls and 200 shares of Mr. Y in final call. Unpaid shares were forfeited after legal formalities. Forfeited shares were re-issued at 10% discount to Mr. D.

Pass the necessary Journal Entries in the books and show the Balance Sheet.

12+3=15

2. (a) Define goodwill. Why is valuation of goodwill required? Discuss the various methods of calculating goodwill.

2+3+10=15

Or

- (b) The following is the Balance Sheet of M/s. MDB Ltd. as on 31.03.2019 :

<i>Debit Balances</i>		₹
Premises		30,72,000
Plant		33,00,000
Stock		7,50,000

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(Continued)

<i>Debit Balances</i>		₹
Debtors		8,70,000
Goodwill		2,50,000
Bank		4,51,600
Call in Arrears		75,000
Interim Dividend Paid		3,92,500
Purchases		18,50,000
Wages		9,79,800
General Expenses		73,350
Salaries		2,02,250
Bad Debts		21,000
Debenture Interest paid		1,80,000
		<u>1,24,67,500</u>

<i>Credit Balances</i>		₹
Share Capital		40,00,000
12% Debentures		30,00,000
Surplus A/c		2,62,500
Bills Payable		3,70,000
Creditors		4,00,000
Sales		41,50,000
General Reserve		2,50,000
Bad Debt Provisions (01.04.2018)		35,000
		<u>1,24,67,500</u>

Additional Information :

- (i) Stock on 31.03.2019 was ₹ 9,50,000
- (ii) Depreciate plant at 15%
- (iii) Create 5% provision for doubtful debts

(iv) Provide for income tax ₹ 1,20,000

Prepare Statement of Profit & Loss and Balance Sheet as per the Companies Act, 2013.

7+8=15

3. (a) Pass accounting entries in the book of Transferor and Transferee Companies on amalgamation.

15

Or

- (b) A Ltd. went into voluntary liquidation on 31.12.2019. The Balance Sheet in its books on that date were :

₹

I. Equity & Liabilities

Share Capital :

5000, 6% Cumulative Preference

Share of ₹ 100 each 5,00,000

2500 Equity Shares of

₹ 100 each 1,87,500

7500 Equity Shares of

₹ 100 each, ₹ 60 paid 4,50,000

5% Mortgage Debentures 2,50,000

Interest Outstanding 12,500

Creditors 3,62,500

17,62,500

II. Assets

Land and Building 2,50,000

Plant and Machinery 6,25,000

Patents 1,00,000

Stock 1,37,500

	₹
Sundry Debtors	2,75,000
Cash at Bank	75,000
Profit & Loss	3,00,000
	<u>17,62,500</u>

The liquidator is entitled to a commission of 3% on all assets except cash and 2% on amount distributed among unsecured creditors other than Preferential Creditors.

Creditors include preferential creditors ₹ 37,500 and a loan for ₹ 1,25,000 secured by a mortgage on Land and Building. The Preference dividends were in arrears for two years. The assets realized as follows :

	₹
Land and Building	3,00,000
Plant and Machinery	5,00,000
Patents	75,000
Stock	1,50,000
Sundry Debtors	2,00,000
Liquidator's Expenses	27,250

Prepare Liquidator's Statement of A/c. 15

4. (a) Define holding company. Explain the advantages and disadvantages of holding companies. 15

Or

(b) Ben Ltd. acquired 12000 shares of John Ltd. of the full value of ₹ 10 each at a price of ₹ 1,70,000 on 01.04.2017. The Balance Sheets of the two companies as on 31.03.2018 were as follows :

	Ben Ltd. ₹	John Ltd. ₹
I. Equity and Liabilities		
1. Shareholders' Funds :		
(a) Share Capital	10,00,000	2,00,000
(b) Reserves and Surplus :		
(i) General Reserve (01.04.2017)	4,20,000	1,00,000
(ii) Profit & Loss (01.04.2017)	90,000	40,000
(iii) Profit for the year	1,70,000	45,000
2. Current Liabilities :		
(a) Short-term borrowing		
(b) Trade Payables :		
Sundry Creditors	2,40,000	92,000
Bills Payable	80,000	60,000
	<u>20,00,000</u>	<u>5,37,000</u>
II. Assets :		
1. Non-Current Assets		
(a) Fixed Assets : Tangible		
Land & Building	4,00,000	1,00,000
Plant & Machinery	5,00,000	1,00,000
Intangible Assets—		
Goodwill	3,00,000	70,000

	<i>Ben Ltd.</i>	<i>John Ltd.</i>
	₹	₹
(b) Non-Current Investment	2,00,000	—
2. Current Assets :		
(a) Inventories (Stock)	2,00,000	40,500
(b) Trade Receivables :		
Debtors	3,00,000	1,34,500
Bills Receivables	20,000	30,000
(c) Cash & Cash Equivalent :		
Cash at Bank	80,000	62,000
	<u>20,00,000</u>	<u>5,37,000</u>

Additional Information :

(i) Both the companies have proposed 10% dividend for 2017-18

(ii) Out of the Debtors and Bills Receivables of Ben Ltd. ₹ 50,000 and ₹ 16,000 respectively represented due from John Ltd.

Prepare Consolidated Balance Sheet of Ben Ltd. and its Subsidiary Ltd. as at 31.03.2018.

15

5. (a) The following are the figures extracted from the book of S Bank Ltd. as on 31.03.2018 :

	₹
Interest and discount received	20,30,000
Interest paid on deposits	12,02,000
Issue and subscribed capital	5,00,000

	₹
Reserve under Section 17	3,50,000
Commission, exchange and brokarage	90,000
Rent received	30,000
Profit on sales of investment	95,000
Salaries and allowances	1,05,000
Directors' fee and allowances	12,000
Rent and taxes paid	54,000
Stationery and printing	12,000
Postage and telegram	25,000
Other expenses	12,000
Audit fees	4,000
Depreciation on bank property	12,500

Other Information :

- (i) Provision for Bad and Doubtful Debts necessary—₹ 2,00,000
- (ii) Rebate on Bills Discounted as on 31.12.2018—₹ 7,500
- (iii) Provide ₹ 3,50,000 for income tax
- (iv) The directors desire to declare 10% dividend

Prepare Profit & Loss A/c in accordance with the law. 15

Or

- (b) Explain the difference of Banking and Non-Banking Companies Balance Sheet. 15

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