

2022

(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 Public Ltd. Co. having share capital can commence business as soon as it is incorporated.

(T / F)

(b) A debenture-holder is an owner of the company.

(T / F)

(c) Advance payment of tax should be shown on the Assets side of the Balance Sheet.

(T / F)

(d) A contributory can only be a present member of the liquidated company.

(T / F)

(e) Internal reconstruction means reduction of 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) Share Application A/c is a

(i) Nominal A/c

(ii) Real A/c

(iii) Personal A/c

(iv) None of the above

[]

(b) The shares which can be issued to shareholders for no payment are called

(i) bonus shares

(ii) equity shares

(iii) preference shares

(iv) share capital

[]

- (c) Profit on forfeiture of share is
- (i) operating profit
 - (ii) profit before tax
 - (iii) capital profit
 - (iv) revenue profit []
- (d) List 'C' contains the list of
- (i) shareholders
 - (ii) debenture-holders
 - (iii) secured creditors
 - (iv) preferential creditors []
- (e) Surplus or deficiency in the Statement of Affairs is shown in
- (i) List 'A'
 - (ii) List 'B'
 - (iii) List 'H'
 - (iv) List 'D' []
- (f) The sources of declaring dividend is given in
- (i) Section 122 of the Companies Act, 2013
 - (ii) Section 123 of the Companies Act, 2013
 - (iii) Section 124 of the Companies Act, 2013
 - (iv) Section 125 of the Companies Act, 2013
- []

(g) Dividend declared between two annual general meetings is called

- (i) interim dividend
- (ii) final dividend
- (iii) scrip dividend
- (iv) None of the above

[]

(h) _____ deals with accounting for amalgamation.

- (i) AS-12
- (ii) AS-13
- (iii) AS-14
- (iv) AS-15

[]

(i) When there is two liquidations and one formation, it is a case of amalgamation in the nature of

- (i) purchase
- (ii) merger
- (iii) absorption
- (iv) All of the above

[]

(j) Realization Account is prepared by the

- (i) transferor company
- (ii) transferee company
- (iii) purchasing company
- (iv) None of the above

[]

((5))

3. Write short notes on the following **205=10**

(a) Reserve capital

3. Which of the following is not a source of funds for a corporation?

- (a) Retained earnings
- (b) Dividend income
- (c) Proceeds from the sale of treasury stock
- (d) None of the above

4. Which of the following is not a characteristic of a corporation?

- (a) Limited liability
- (b) Separate legal entity
- (c) Unlimited life
- (d) None of the above

5. Which of the following is not a characteristic of a partnership?

- (a) Unlimited liability
- (b) Separate legal entity
- (c) Unlimited life
- (d) None of the above

6. Which of the following is not a characteristic of a sole proprietorship?

- (a) Unlimited liability
- (b) Separate legal entity
- (c) Unlimited life
- (d) None of the above

(c) Contributory (b) Methods of valuation of shares

(8)

(d) Methods of valuation of shares

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(e) Alteration of share capital

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2022

(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 a private limited company and a public limited company. 9

Or

(b) X Ltd. invited applications for 10000 shares of ₹100 each at a premium of 10% payable as follows :

On application—₹ 25

On allotment—₹ 50

On first and final call—₹ 35

The applications received were for 12000 shares and allotted on pro-rata

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(Turn Over)

(2)

basis. All moneys due were received except in the first and final call on 100 shares which were forfeited. 50 shares were reissued @ ₹ 90 as fully paid.

Pass entries in the Cashbook and Journal of the company. 9

2. (a) What is dividend? What are the sources of declaring dividend? Explain the types of dividends. 3+3+3=9

Or

(b) Following is the Trial Balance of X Co. Ltd. as at 31st March, 2021 :

Particulars	Debit (₹)	Credit (₹)
Stock on 31st March, 2020	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	

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(3)

Particulars

Particulars	Debit (₹)	Credit (₹)
Surplus Account on 31-03-2020		
Dividends Paid		
Share Capital	9,000	15,030
Debtors and Creditors		1,00,000
Plant and Machinery	37,500	
Cash and Bank	29,000	17,500
Reserve	16,200	
Patents and Trademark	4,830	15,500
	<u>5,03,030</u>	<u>5,03,030</u>

Prepare Statement of Profit and Loss for the year ended 31-03-2021 taking into consideration the following adjustments :

(i) Stock on 31st March, 2021— 9

(ii) Depreciation on Fixed Assets @ 10% ₹ 82,000

(iii) Make a provision for Income Tax @ 50%

(iv) Ignore corporate dividend tax

3. (a) What do you mean by liquidation of companies? Mention the consequences of winding-up of companies.

3+6=9

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(Turn Over)

(4)

Or

(b) Following particulars relate to a limited company which has gone into voluntary liquidation. You are required to prepare the Liquidator's Final Statement of Account allowing for his remuneration @ 3% on the amount realized on assets and 3% 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	20,000
Land and Buildings	1,30,000
Plant and Machinery	1,10,500
Fixtures and Fittings	7,500

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 500 shares.

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(Continued)

(5)

4. (a) What is goodwill? Explain the methods of valuing goodwill. 3+6=9

Or

(b) On 31st March, 2021, Ledger balances taken from the books of X Ltd. were as follows :

<i>Credit Balances</i>	(₹)
Share Capital :	
Authorized and Issued :	
5000 Equity Shares	5,00,000
of ₹ 100 each fully paid	1,03,000
Profit and Loss A/c	20,000
Bank Overdraft	77,000
Creditors	45,000
Provision for Taxation	75,000
Proposed Dividend	8,20,000

<i>Debit Balances</i>	(₹)
Land and Buildings	2,20,000
Plant and Machinery	95,000
Stock	3,50,000
Sundry Debtors	1,55,000
	<u>8,20,000</u>

Net Profit of the company, after deducting all working charges and providing Depreciation and Taxation, were as under year ended on 31st March :

2017—₹85,000; 2018—₹96,000;
 2019—₹90,000; 2020—₹1,00,000;
 2021—₹95,000

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On 31st March, 2021, Land and Buildings were valued at ₹ 2,50,000 and Plant and Machinery @ ₹ 1,50,000. 10% return on capital employed (tangible) is considered reasonable. Goodwill is to be valued based on 5 years' purchase of superprofit. Show the valuation of shares of the company. 9

5. (a) What is purchase consideration? Explain the different methods of calculating purchase consideration. 3+6=9

Or

(b) A Ltd. acquired the undertaking of B Ltd. on 31-03-2021 for a purchase consideration of ₹ 2,50,000 to be paid by fully-paid equity shares of ₹ 10 each. Equity and Liabilities and Assets of the two companies on the date of acquisition were as follows :

Liabilities	A Ltd. (₹)	B Ltd. (₹)
Share Capital :		
Equity Shares of ₹ 10 each fully paid up	2,50,000	1,50,000
Reserves and Surplus :		
General Reserve	1,20,000	18,000
Surplus A/c	10,000	53,000
Development Rebate Reserve	10,000	37,000
Workers Compensation Fund	15,000	24,000
Current Liabilities	45,000	95,000
	<u>4,50,000</u>	<u>3,77,000</u>

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(Continued)

Assets	A Ltd. (₹)	B Ltd. (₹)
Fixed Assets :		
Land and Buildings	1,20,000	80,000
Plant and Machinery	2,00,000	1,80,000
Furniture and Fixtures	10,000	20,000
Current Assets :		
Stock		
Debtors	55,000	40,000
Bank Balance	45,000	40,000
	20,000	17,000
	<u>4,50,000</u>	<u>3,77,000</u>

Pass necessary Journal entries in the books of A Ltd. when amalgamation is in the nature of purchase. 9

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