



‘समानो मन्त्रः समितिः समानी’

UNIVERSITY OF NORTH BENGAL
B.Com. Honours 3rd Semester Examination, 2022

CC7-COMMERCE
CORPORATE ACCOUNTING

Time Allotted: 2 Hours

Full Marks: 60

The figures in the margin indicate full marks.

GROUP-A

Answer any two questions

12×2 = 24

1. Moonbeam Ltd. invited applications for 20,000 shares at a premium of ₹2 per share. The price of the shares was payable as follows: 12

Application ₹3 per share

Allotment ₹5 (including premium) per share

First & Final call ₹4 per share.

Applications were received for 30,000 shares and allotment was made for 24,000 shares on pro-rata basis.

Excess application money has been utilized towards the amount due on allotment. Ram to whom 400 shares were allotted failed to pay the allotment and calls money and Rajib holding 600 shares failed to pay the calls money only. All these shares were subsequently forfeited after the call money asked for. Out of these forfeited shares, 800 shares were re-issued to Kiran at ₹9 per share as fully paid, which includes whole of shares originally issued to Ram.

You are asked to pass necessary journal entries in the books of the company and also show necessary workings in this respect.

2. Following are the Balance Sheets of X Co. Ltd. and Y Co. Ltd. as on 31.03.22: 9+3

	<u>X Ltd.(₹)</u>	<u>Y Ltd.(₹)</u>
I <u>Equity & Liabilities</u>		
(a) Share Capital:		
10% Pref. Shares (₹100)	22,500	-
Equity Shares (₹10)	90,000	15,000
(b) Reserve & Surplus:		
Capital Reserve	28,800	-
General Reserve	37,200	4,350
Surplus	3,450	660
(c) Long term Liabilities:		
10% Debentures	15,000	-
(d) Current Liabilities:		
Trade Creditors	4,350	2,490
	2,01,300	22,500

	<u>X Ltd.(₹)</u>	<u>Y Ltd.(₹)</u>
II Assets		
(a) Fixed Assets:		
Tangible:		
Freehold Premises	36,000	-
Machinery	1,03,530	-
Furniture	3,360	2,250
Intangible:		
Goodwill	-	750
Trademarks	300	-
(b) Current Assets:		
Inventories	38,400	15,030
Trade Receivables:		
Sundry Debtors	10,020	3,510
Bills Receivables	-	300
Bank	6,690	660
Preliminary Expenses	3,000	-
	2,01,300	22,500

On the above date X Ltd. merged with Y Ltd. on the following agreements:

- (i) Y Ltd. is to allot 2,500 Equity Shares to Pref. Shareholders of X Ltd.
- (ii) 10,000 Equity Shares of ₹10 each are to be given to the Equity Shareholders of X Ltd.
- (iii) Y Ltd. agreed to convert 10% Debentures of X Ltd. into equal number of 12% Debentures.
- (iv) Liquidation expenses of ₹4,500 to be borne by Y Ltd.

- (a) You are required to make journal entries in the books of Y Ltd. and
- (b) Prepare the New Balance Sheet of Y Ltd. after merger.

3. A Ltd. acquired 30,000 Shares of S Ltd. for ₹3,10,000 on 1st July 2021. The Balance Sheets of the two companies on 31.03.22 were as follows:

12

	<u>A Ltd.(₹)</u>	<u>S Ltd.(₹)</u>
<u>Liabilities</u>		
Share Capital:		
Issued, subscribed & paid:		
Equity Share (₹10)	18,00,000	5,00,000
Reserve & Surplus:		
General Reserve	3,20,000	80,000
Profit and Loss A/c	1,60,000	50,000
<u>Current Liabilities</u>		
Credit Suppliers	1,00,000	60,000
Bills Payables	80,000	40,000
	24,60,000	7,30,000

The following information is provided:

- (i) General Reserve appearing in the Balance Sheet of S Ltd. has remained unchanged since 31st March 2021.
- (ii) Profit earned by S Ltd. for the year ended 31.03.22 amounted to ₹20,000.
- (iii) On 1st February 2022 A Ltd. sold goods to S Ltd. costing ₹8,000 for ₹10,000. 25% of these goods remained unsold with S Ltd. on 31.03.22. Creditors of S Ltd. include ₹4,000 due to A Ltd. on account of these goods.
- (iv) Out of S Ltd.'s acceptances ₹15,000 are those which have been accepted in favour of A Ltd. Out of these, A Ltd. had endorsed ₹8,000 worth of bills receivables in favour of its creditors.

You are required to prepare a Consolidated Balance Sheet as on 31st March 2022.

4. (a) Define the term Goodwill. Why is it necessary to value the goodwill? 3+3+6
- (b) State the provisions of The Companies Act with regard to redemption of Redeemable Preference Shares.

GROUP-B

5. Answer any **four** questions: 6×4 = 24

- (a) Following are the ratios relating to the trading activities of National Sales Ltd.: 2+2+2

Debtors Velocity:	3 months
Inventory Velocity:	8 months
Creditors:	2 months
Gross Profit Ratio:	25%

Gross profit for the year ended 31.03.22 amounts to ₹4,00,000.

Closing inventories is ₹10,000 higher than opening inventories.

Bills Receivables amount to ₹25,000 and Bills Payable is ₹10,000.

Find out: (i) Sales (ii) Sundry Debtors (iii) Inventories.

- (b) From the following information. Prepare Cash Flow from Operating Activities of Elite Ltd. 6

<u>Liabilities</u>	<u>31.12.20 (₹)</u>	<u>31.12.21 (₹)</u>
Equity Share Capital	5,00,000	5,50,000
10% Debentures	2,50,000	1,50,000
General Reserve	1,00,000	1,00,000
Profit & Loss Account	55,000	95,000
Provision for Taxation	20,000	55,000
Sundry Creditors	25,000	20,000
Bills Payable	10,000	15,000
Provision for Doubtful debt	15,000	12,000
	9,75,000	9,97,000
<u>Assets</u>		
Goodwill	25,000	20,000
Land & Building	2,10,000	3,30,000
Plant & Machinery	3,00,000	4,00,000
Closing Stock	1,25,000	1,05,000
Debtors	1,50,000	1,20,000
Cash	1,50,000	12,000
Preliminary Expenses	15,000	10,000
	9,75,000	9,97,000

Additional information:

- (i) During the year a part of Plant & Machinery costing ₹2,500 was sold for ₹1,500.
- (ii) Dividend of ₹50,000 was paid during the year.
- (iii) Income tax of ₹25,000 was paid during the year.
- (iv) Depreciation provided during the year:

Land & Building ₹5,000

Plant & Machinery ₹25,000

- (c) The capital structure of Bright Ltd. is given below:

3+3

Particulars	₹
12% Preference Shares (₹10)	4,50,000
Equity Shares (₹100)	9,00,000
Reserve & Surplus	3,00,000
10% Debentures	6,50,000
13% Term Loan	12,00,000

The average profit of the company before payment of interest and income tax is ₹7,00,000. The income tax rate is 25%. Price earning ratio is 10.

Calculate the value per equity share by (i) Asset backing method and (ii) Yield method.

- (d) What is Bonus Share?

2+4

Z Ltd. has Equity Share Capital of ₹4,00,000 (40,000 shares, ₹10 each). The Board of Directors decided to issue fully paid Bonus Share to its existing shareholders in the ratio one bonus share for every four shares held. The company has sufficient amount in Reserve & Surplus Accounts.

- (e) Explain any two methods of Redemption of Debentures.

3+3

- (f) What is Internal Reconstruction? Why Capital Reduction is necessary?

GROUP-C

6. Answer any **four** questions:

3×4 = 12

- (a) Define the term Interim Dividend and Preference Dividend.

- (b) Calculate current assets of X Ltd. from the following information:

Inventory turnover ratio = 4 times

Inventory at the end of the year is ₹20,000 more than the inventory in the beginning. Revenue from operations is ₹3,00,000 and Gross Profit is 20% on sales.

Current liabilities ₹40,000. Quick Ratio = 0.75:1

- (c) Sun Ltd issued 10,000 Equity Shares of ₹10 each. The final call of ₹3 per share is yet to be paid. The Board of Directors decided to declare Bonus to make the partly paid share as fully paid. The company has sufficient amount in the General Reserve.

Write necessary Journal entries.

- (d) Explain the term Capital Redemption Reserve.

- (e) State the difference between Fictitious assets and Intangible assets.

- (f) Define capital employed and super profit.

—x—