



‘समानो मन्त्रः समितिः समानी’

**UNIVERSITY OF NORTH BENGAL**  
B.Com. Honours 3rd Semester Examination, 2023

**CC7-COMMERCE**  
**CORPORATE ACCOUNTING**  
**OLD SYLLABUS**

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. The books of XYZ Ltd. showed the following balances on 31.12.2016: 12
- 15,000 Equity shares of Rs. 10 each, fully paid; 2,500, 10% Redeemable Preference Shares of Rs. 100 each, fully paid; 500, 10% Redeemable Preference Shares of Rs. 100 each, Rs. 70 per share paid up; General Reserve: Rs. 75,000; Profit & Loss Account (Cr.): Rs. 1,60,000; Securities Premium: Rs. 15,000; Investment; Rs. 1,20,000; Cash at Bank: Rs. 39,600.
- The company decided to redeem the preference shares on 01.01.2017 at a premium of 8%. For this purpose the company sold the investment at Rs. 1,08,000 and decided to issue sufficient number of equity shares of Rs. 10 each at a premium of Re. 1 per share subject to leaving a minimum bank balance of Rs. 9,600 after such redemption.
- Show necessary Journal Entries (including cash transactions) in the books of the company to record the above transactions.
2. (a) Define Goodwill. What are the characteristics of Goodwill? 4+8
- (b) Given below are the extracts from the Balance Sheet of ROLEX Ltd. as at 31<sup>st</sup> March, 2023:

Particulars	₹
Equity Shares of ₹10 each	20,00,000
12% Preference Shares of ₹100 each	5,00,000
Reserves and Surplus	10,00,000
10% Debentures	4,00,000
Current Liabilities	5,00,000
Goodwill	2,00,000
Fixed Tangible Assets	30,00,000
10% Trade Investments	5,00,000
Current Assets	7,00,000

**Additional Information:**

- (i) Average Profit after tax @ 40% ₹7,50,000.
- (ii) Trade Investments are to be valued at 150% of Face Value (i.e. ₹4,00,000).

(iii) Rate of Income tax- 30% with effect from 1<sup>st</sup> April, 2023.

(iv) Normal rate of return- 20%.

Calculate the value of Goodwill.

3. (a) What is meant by the term 'Cash Flows'? What are the limitations of Cash Flow Statement? 1+3+8

(b) From the following particulars, calculate the Net Cash Flow from Operating Activities:

Particulars	Closing (₹)	Opening (₹)
Profit & Loss A/c	7,000	1,000 (Dr.)
General Reserve	10,000	15,000
Proposed Dividend	25,000	21,000
Provisions for taxation	25,000	15,000
15% Debentures	34,000	22,000
Trade Payables	22,000	24,000
Fixed Assets (Gross)	74,000	74,000
Accumulated depreciation	30,000	24,000
10% Current Investment	20,000	10,000
Trade Receivables (Gross)	48,400	15,000
Provision for doubtful Debts	10,000	5,000
Inventories	15,000	25,000
Cash and Cash Equivalents	5,600	1,000

Income tax provided during the year ₹30,000.

4. The following information has been extracted from the Balance Sheets as on 31.12.2022 of H Ltd. and S Ltd. 12

	H Ltd.	S Ltd.
Equity Share Capital @ ₹100 each	10,00,000	5,00,000
General Reserve (01.01.2022)	1,00,000	50,000
Profit & Loss A/c (Cr.)	2,40,000	1,10,000
Creditors	1,50,000	70,000
Land & Building (at cost)	3,10,000	1,60,000
Machinery at cost less 10% Depreciation	2,70,000	1,35,000
Investment in 3,000 Equity Shares in S Ltd.	4,50,000	-
Inventories at cost	2,20,000	1,50,000
Debtors	1,55,000	90,000
Cash at Bank	85,000	1,95,000

**Additional Information:**

(i) Profit for the year 2022 of H Ltd. and S Ltd. were ₹2,00,000 and ₹80,000 respectively.

(ii) The 3,000 Shares in S Ltd. were acquired by H Ltd. on 30.6.2022.

(iii) Machinery was revalued at ₹1,60,000 on the date of acquisition.

Prepare a Consolidated Balance Sheet of H Ltd. and S Ltd. as at 31.12.2022.

**GROUP-B**

5. Answer any *four* questions: 6×4 = 24
- (a) What are the advantages of Cash Flow Statement? 6
- (b) What are the different methods of redemption of debentures? 6
- (c) Distinguish between Amalgamation in the nature of merger and of the nature of purchase. 6
- (d) Mention the important points in connection with re-issue of forfeited shares. 6
- (e) Why are bonus shares issued? Discuss the conditions to be satisfied while issuing bonus shares. 6
- (f) The following information has been extracted from the Balance Sheet of Mr. Roy Ltd. as at 31.12.2022: 2+2+2

Equity Share Capital	₹5,00,000
Preference Share Capital	₹2,00,000
General Reserve	₹1,00,000
Secured Loan	₹3,00,000
Sundry Creditors	₹1,00,000
Land & Building	₹1,00,000
Machinery	₹4,00,000
Furniture	₹50,000
Inventory	₹3,00,000
Sundry Debtors	₹3,00,000
Cash and Bank Balance	₹50,000

**Calculate:**

- (i) Current Ratio
- (ii) Proprietary Ratio
- (iii) Debt-Equity Ratio.

**GROUP-C**

6. Answer any *four* questions: 3×4 = 12
- (a) Discuss the limitation of ratio analysis. 3
- (b) What is 'Surrender of Shares'? 3
- (c) Distinguish between Interim Dividend and Final Dividend. 3
- (d) State the various methods of Valuation of Shares. 3
- (e) What is Purchase Consideration? 3
- (f) From the following information, calculate the value of shares of a company: 3
- (i) Average Profit- ₹1,00,000
- (ii) Expected rate of earnings on capital- 40%
- (iii) Normal rate of return- 12.5%
- (iv) Face Value of Share- ₹10

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