

**63/1 (SEM-3) (CC6/DSC)/  
COMHC/RC3066**

**2023**

**COMMERCE**

Paper : COMHC3066/RC3066

**( Corporate Accounting )**

Full Marks : 80

Pass Marks : 32

Time : 3 hours

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

1. Choose the correct answer (any six) :      1×6=6

(a) AS-14 deals in

(i) presentation of Financial State-  
ments

(ii) buy-back of shares

(iii) issue of debentures

(iv) amalgamation of companies

(b) The Consolidated Balance Sheet of  
Holding Company and its Subsidiary  
Company is prepared as per

(i) AS-11

(ii) AS-22

(iii) AS-21

(iv) AS-23

- (c) The Cash Flow Statement analysis is described in terms of which of the following activities?
- (i) Operating activities
  - (ii) Financing activities
  - (iii) Investing activities
  - (iv) All of the above
- (d) The maximum buy-back limit of total paid-up equity capitals in any year is
- (i) 25%
  - (ii) 10%
  - (iii) 20%
  - (iv) No limit
- (e) Which of the following is not essential to calculate the yield value per share?
- (i) Super profit
  - (ii) Paid-up value
  - (iii) Normal return rate
  - (iv) Expected return rate
- (f) Pre-acquisition profit in subsidiary company is considered as
- (i) revenue
  - (ii) capital profit
  - (iii) goodwill
  - (iv) All of the above

- (g) As per Section 17 of the Banking Regulation Act, every bank has to transfer \_\_\_\_ of profit to Statutory Reserve Fund Account.
- (i) 10%
  - (ii) 15%
  - (iii) 20%
  - (iv) 25%
- (h) Bonus shares are issued
- (i) to debenture holders
  - (ii) to equity shareholders
  - (iii) to preference shareholders
  - (iv) Both (i) and (ii)
- (i) Cash reserve ratio (CRR) is fixed by the
- (i) RBI
  - (ii) State Bank of India
  - (iii) SEBI
  - (iv) Central Government
- (j) Capital reserve is created out of
- (i) current year's profit
  - (ii) profit on sale of fixed assets
  - (iii) share transfer fees
  - (iv) general reserves

2. Answer any five of the following questions :  
2×5=10

- (a) State any two objectives of Amalgamation.
- (b) What do you mean by Sweat Equity Share?
- (c) Write down any two factors affecting the value of Goodwill.
- (d) What is 'Escrow Account'?
- (e) Explain 'non-banking assets' in relation to the banking company.
- (f) Define 'Minority Interest'.
- (g) Mention any two advantages of Rights Share.

3. Answer any six of the following questions :  
5×6=30

- (a) Why is Consolidated Financial Statement needed?
- (b) Write a short note on 'non-performing assets' of a banking company.
- (c) What are the different methods of valuation of Goodwill?

- (d) Mention the various books and registers to be maintained by the Banks.
- (e) Distinguish between Bonus shares and Rights shares.
- (f) Explain briefly the different methods of redemption of debenture.
- (g) What are the procedures for forfeiture of shares?
- (h) The issued and subscribed Share Capital of XY Ltd. is ₹ 90,000 divided into 9000 shares of ₹ 10 each. The company issued rights share to the existing shareholders in the proportion of 2 shares for every 9 shares held at ₹ 15 per share. The market price of each share is ₹ 35. Calculate the value of each right.
- (i) Coal India Ltd. resolved to utilise ₹ 3,00,000 out of the General Reserves balance to declare a bonus to the shareholders by paying the final call of ₹ 3 per share on 100000 equity shares of ₹ 10 each. Along with this, the company further decided to utilise the balance of the Security Premium Reserve Account of ₹ 2,00,000 by issuing fully paid-up bonus shares. Show Journal Entries in the books of the company.

( 6 )

- (j) The following is the extract of Trial Balance of Dhan Laxmi Ltd. a listed company as on 31-3-2021 :

|                                 | ₹        |
|---------------------------------|----------|
| Opening inventory               | 70,000   |
| Purchase return                 | 10,000   |
| Purchases                       | 2,35,000 |
| Sales                           | 3,10,000 |
| Salaries and wages              | 50,000   |
| Dividend received               | 3,200    |
| Carriage inward                 | 200      |
| Advertisement on share buy-back | 7,500    |
| Auditors fee                    | 3,050    |
| Dividend paid                   | 8,000    |
| Patent rights                   | 800      |

You are required to prepare a Statement of Profit and Loss after considering the following additional information :

- (i) Closing stock on 31-3-2021 is ₹ 1,20,000
- (ii) Write off ₹ 200 from patent rights
- (iii) Outstanding wages ₹ 400

4. Answer any *two* of the following questions :  
10×2=20

- (a) The following particulars have been extracted from the books of Arnab :

- (i) Capital invested—₹ 50,000

( 7 )

- (ii) Trading results :

2017 Profit—₹ 18,200

2018 Profit—₹ 15,000

2019 Loss—₹ 2,000

2020 Profit—₹ 21,000

- (iii) Market rate of interest on investment—8%

- (iv) Rate of risk return on capital in business—2%

- (v) Remuneration from alternative employment of the proprietor (if not engaged in business)—₹ 6,600 p.a.

Compute the value of goodwill of the business on the basis of three years purchase of super profits taking average of last four years.

- (b) Explain the need for valuation of share.
- (c) Discuss the legal provisions regarding the capitalization of profits.
- (d) XYZ Ltd. issued 10000 Equity Shares of ₹ 100 each, payable as ₹ 30 on application, ₹ 50 on allotment and ₹ 20 on first and final calls.

The shares were fully subscribed, called-up and paid-up except the following :

- (i) Rajeev holding 500 shares failed to pay the allotment and call money

- (ii) Sanjeev holding 800 shares failed to pay the call money

All these shares were forfeited and subsequently re-issued as fully paid at a discount of ₹ 20 per share. Expenses on re-issue was ₹ 500. Give Journal Entries in the books of the company.

5. Answer any one of the following questions : 14

- (a) Discuss briefly the Amalgamation—

(i) in the nature of merger;

(ii) in the nature of purchase. 7+7=14

- (b) The following balances were extracted from the books of Star Ltd. on 31st March, 2022. Prepare a Balance Sheet in the revised form under Schedule VI of the Companies Act :

|                          | ₹         |
|--------------------------|-----------|
| 8% Debentures            | 8,00,000  |
| Preference Share Capital | 4,00,000  |
| Finished Goods           | 10,08,000 |
| Fixed Assets             | 41,00,000 |
| Stores                   | 4,50,000  |
| Debtors                  | 10,00,000 |
| Equity Share Capital     | 11,68,200 |
| General Reserve          | 21,00,000 |
| Securities Premium       | 6,25,000  |
| Provision for Taxation   | 2,00,000  |
| Investments              | 5,55,200  |
| Loose Tools              | 1,75,000  |
| Cash Balance             | 2,50,000  |

|                 | ₹         |
|-----------------|-----------|
| Trade Creditors | 11,00,000 |
| Term Loans      | 11,45,000 |

- (c) The following is the Balance Sheets of H Ltd. and its subsidiary S Ltd. as on 31st March, 2021 :

*Balance Sheets*

| Particulars                                 | Amounts (₹)   |               |
|---|---------------|---------------|
|   | H Ltd.        | S Ltd.        |
| I. Equity and Liabilities :                 |               |               |
| 1. Shareholders Fund :                      |               |               |
| (a) Share Capital :                         |               |               |
| Equity Shares of ₹ 10 each                  | 60,000        | 20,000        |
| (b) Reserve and Surplus :                   |               |               |
| Surplus in the Statement of Profit and Loss | 5,000         | 4,000         |
| 2. Current Liabilities :                    |               |               |
| Sundry Creditors                            | 23,000        | 2,000         |
| Total                                       | <u>88,000</u> | <u>26,000</u> |
| II. Assets :                                |               |               |
| Non-Current Assets :                        |               |               |
| (a) Tangible Assets                         | 68,000        | 26,000        |
| (b) Non-Current Investment,                 |               |               |
| 1600 Shares in S Ltd.                       | 20,000        | —             |
| Total                                       | <u>88,000</u> | <u>26,000</u> |

The shares were acquired by H Ltd. on 31st March, 2021.

Prepare the Consolidated Balance Sheet of the Holding Company and its Subsidiary as on 31st March, 2021. Show your workings properly.

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