

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

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(Held in 2023)

COMMERCE

Paper : COMHC3066/COMRC3066

(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) Premium on issue of shares can be used
for

(i) issue of bonus shares

(ii) distribution of profit

(iii) transferring of general reserve

(iv) issue of preference shares

- (b) Right shares are those shares which are
- (i) first offered to the creditors of the company
 - (ii) first offered to the existing shareholders of the company
 - (iii) first offered to the employees of the company
 - (iv) issued by newly formed company
- (c) AS-14 deals in
- (i) presentation of financial statement
 - (ii) buyback of shares
 - (iii) issue of debenture
 - (iv) amalgamation of a company
- (d) Interest paid by other than financial enterprise is shown in the cash flow statement under the _____ activities.
- (i) financing
 - (ii) investing
 - (iii) operating
 - (iv) None of the above

- (e) Sweet Equity Shares means Equity Shares issued by the company
- (i) to its directors
 - (ii) to its employees at a discount
 - (iii) for consideration other than cash for providing their know-how
 - (iv) All of the above
- (f) Which of the following is included under the head Reserves and Surplus?
- (i) Capital Reserves
 - (ii) Securities Premium Reserve
 - (iii) Debenture Redemption Reserve
 - (iv) All of the above

2. Answer the following questions : 2×5=10

- (a) Write two characteristics of a debenture.
- (b) Write two objectives of amalgamation.
- (c) State the meaning of 'Issue of Bonus Shares'.

(4)

- (d) Name any two types of companies which are exempted from preparing final accounts as per the Companies Act, 2013.
- (e) Explain the treatment of 'proposed dividend' while preparing the final accounts of a company.

3. Answer any six of the following questions :

5×6=30

- (a) Differentiate between Bonus Shares and Right Shares.
- (b) What is internal reconstruction? State the main purpose of internal reconstruction.
- (c) Mention the factors which influence the valuation of a company's share.
- (d) Differentiate between Balance Sheet of Banking companies and Non-banking companies.
- (e) What is Cost of Control? How is it ascertained?
- (f) The following is the extract of Trial Balance of Alin Ltd. as on 31.03.2020 :

	₹
Sales	6,70,000
Opening Stock	1,45,000
Selling Expenses	79,000

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(Continued)

(5)

	₹
Directors' Remuneration	10,000
Furniture	10,000
Cash in Hand	15,000
Purchases	4,90,000
Salaries and Wages	42,000
Audit Fees	8,000
Trade Debtors	7,000
Interest on Bank Overdraft	14,000
Discount on Issue of Debentures	2,000
Dividend Received	16,000
Bad Debts	800
Depreciation	3,500

Prepare a Statement of Profit and Loss after consideration the following :

- (i) Closing Stock was valued at ₹ 1,40,000 (market price ₹ 1,42,000)
- (ii) Purchases include ₹ 5,000 worth of goods distributed free among valued customers
- (g) Write a brief note on various types of advances provided by bank.

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(Turn Over)

- (h) Ascertain the cash flows from operating activities under the direct method from the following data related to the Accounting Year, 2020-21 :

	₹
Total sales (cash—₹ 4,000, credit—₹ 40,000)	44,000
Cash received from customers	35,000
Closing account receivables	8,000
Cash paid to suppliers	42,000
Cash paid to employees	7,000
Furniture purchased from M/s Decorators on credit	9,000
Income tax paid	3,000
Donation paid	1,000
Office expenses, total ₹ 6,000, paid	3,000

- (i) On 01.04.2020 Harshita Ltd. issued 4500, 12% debentures of ₹ 100 each at a discount of 10% repayable in 5 years in equal annual installments.

Pass Journal Entries in the books of the company on the date of issue of debenture and show the treatment of discount on debentures. The books of accounts are closed on 31st March each year.

4. Answer any *two* of the following questions :

10×2=20

- (a) From the following information, find out the value of each Equity Share of Hari & Co. Ltd. :

	₹
20000 Equity Shares of ₹ 10 each	2,00,000
Reserve	2,50,000
Profit & Loss A/c	30,000
Unsecured Loan	80,000
Current Liability	20,000
	<u>5,80,000</u>
Goodwill	1,90,000
Investment	3,00,000
Current Assets	50,000
Loans and Advances	30,000
Miscellaneous Expenditure	10,000
	<u>5,80,000</u>

Profit for the last 5 years is ₹ 60,000; ₹ 70,000; ₹ 40,000; ₹ 50,000 and ₹ 50,000. Goodwill shall be taken at two years purchase of the average profit of last 5 years for the purpose of valuation of shares.

(8)

- (b) From the following balances of *NER Ltd.* as on 31.03.2022, prepare a Balance Sheet as per the Companies Act, 2013 :

	Amount ₹
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) What are the accounting entries to be made in the books of the transferor company? Discuss.

5. Answer any one of the following questions : 14

- (a) (i) What do you understand by the term 'Forfeiture of Shares'? 4

(9)

- (ii) *Shyam Ltd.* invited applications for issuing 80000 Equity Shares of ₹ 10 each at a premium of ₹ 40 per share. The amount was payable as follows :

On Application—₹ 35 per share
(including ₹ 30 premium)

On Allotment—₹ 8 per share
(including ₹ 4 premium)

On first and final call—Balance

Applications for 77000 shares were received. Shares were allotted to all the applicants. Sundram to whom 7000 shares were allotted failed to pay the allotment money. His shares were forfeited immediately after allotment. Afterwards the first and final call was made. Saytam the holder of 500 shares failed to pay the first and final call. His shares were also forfeited. Out of the forfeited shares 1000 shares were reissued at ₹ 50 per share fully paid-up. The reissued shares included all the shares of Saytam.

Pass necessary Journal Entries for the above transaction in the books of *Shyam Ltd.*

- (b) (i) Explain the procedure of preparing cash flow statement. 7
- (ii) Briefly highlight the relevant provisions of Accounting Standard-21 as regards to preparation of Consolidated Financial Statements. 7

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