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63 (FY) SEM-2/MAJ2/COMMAJ1024

2024

COMMERCE

Paper : COMMAJ1024

(Corporate Accounting)

Full Marks : 70

Pass Marks : 28

Time : Three hours

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

1. Choose the correct answer from the following: 1×8=8
- (a) Securities premium on issue of shares can be used for
- (i) Distribution of profit
 - (ii) Transferring to general reserves
 - (iii) Issue of bonus share
 - (iv) Issue of equity and preference share

- (b) The buyback of shares must not exceed _____ of paid up equity share capital and free reserves of the company
- (i) 35 per cent
 - (ii) 25 per cent
 - (iii) 15 per cent
 - (iv) 20 per cent
- (c) Right shares are those shares which are
- (i) first offered to creditors of the company
 - (ii) first offered to the existing shareholders of the company
 - (iii) first offered to the employees of the company
 - (iv) first offered to the preference shareholder of the company
- (d) AS-14 deals in
- (i) Amalgamation of a company
 - (ii) Inventories of a company
 - (iii) Buyback of the company
 - (iv) Preparation and presentation of financial statement

- (e) Which of the following is/are included under the head of reserve and surplus?
- (i) Capital reserves
 - (ii) Capital redemption reserves
 - (iii) Revaluation reserves
 - (iv) (i), (ii), and (iii)
- (f) After the redemption of debentures, the balance of debenture redemption reserve A/c will be transferred to :
- (i) General reserves
 - (ii) Capital reserves
 - (iii) Capital redemption reserves
 - (iv) Sinking fund for redemption of debentures
- (g) Internal reconstruction of company refers to :
- (i) the internal re-organisation of entire company's affairs
 - (ii) the internal re-organisation of the financial structure of a company
 - (iii) the changes of internal credibility of the company

(iv) the re-design of company's internal control system

(h) What is the forms of a debenture holder application account ?

(i) Real A/c

(ii) Personal A/c

(iii) Nominal A/c

(iv) Current A/c

2. Answer the following questions (**any six**):
2×6=12

(a) State the meaning of bonus share.

(b) What is buyback of shares?

(c) Write *two* characteristics of a debenture.

(d) Write *two* objectives of amalgamation.

(e) Define a holding company.

(f) A company offered to its shareholders the right to buy 3 shares of ₹ 100 each at ₹ 270 for every 5 shares holds. The company declared a dividend of 25% for last year. The market price of shares are now ₹ 375 cum dividend cum right. Calculate the value of right.

(g) X Ltd issued 2000, 12% debenture of ₹ 100 each at par, payable in full along with the application. Pass necessary journal entries.

(h) What is Alteration of capital?

3. Answer the following questions (**any six**):
5×6=30

(a) Write the advantages of right issue.

(b) State the procedure of forfeiture of shares.

(c) Write the conditions to be satisfied for amalgamation of companies in the nature of merger.

(d) What is internal reconstruction? State the main purposes of internal reconstruction.

(e) What is cost of control? How is it ascertained?

(f) Differentiate between Bonus share and Right share.

(g) The following figures have been extracted from the books of Ronjali Ltd. as on 31.12.2023 :

	₹
Authorised capital :	
50,00,000 Equity Shares of ₹10 each	5,00,00,000
Issued and subscribed capital :	
50,00,000 Equity shares of ₹ 10 each	5,00,00,000
Reserves and surplus :	
General Reserves	80,00,000
Capital Reserves	10,00,000
Securities premium A/c	15,00,000
Surplus A/c	20,00,000
14% Debenture	10,00,000
Cash and cash equivalent	10,00,000

The company decided to buyback 25% of the paid up equity share capital at face value. It was also decided to issue further 14% debenture of ₹ 50,00,000 at par for the purpose of buyback.

Pass necessary journal entries.

(h) Following is the Balance Sheet of Sunrise Ltd as on 31st December 2023.

	₹
<u>Particulars :</u>	
I. ASSETS :	
Sundry Assets	8,00,000
Cash and cash equivalent	1,10,000
Total Assets	<u>9,10,000</u>
II. EQUITY AND LIABILITIES :	
Equity :	
(i) Share capital 40,000 equity shares of ₹. 10 each as fully paid up.	4,00,000
20,000 equity shares of ₹ 10 each Rs 8 per share called up.	1,60,000
(ii) Other Equity :	
General Reserve	2,00,000
Profit & Loss A/c	1,00,000
Liabilities :	
Current Liabilities	
Trade creditors	50,000
Total Equity and Liabilities	<u>9,10,000</u>

The company in its Board meeting decided to declare bonus to capitalize the other equities :

- (i) by issuing bonus share of ₹ 10 each to the existing shareholders in the ratio of one equity shares to every 4 share holds,
- (ii) by making partly paid equity shares as fully paid.

You are required to give

- (a) necessary journal entries for the above and
 - (b) prepare revised Balance Sheet of the company.
- (i) From the following balances and informations, you are required to prepare statement of Profit and Loss of Rumbang Ltd for the year ended 31-12-2023. Notes to accounts not required.

	₹
Sales	3,50,000
Import license fee	4,000
Dividend received	6,000
Cost of goods sold	1,20,000

	₹
Administrative expenses	70,000
Selling expenses	6,000
Provision for tax 30%	
Proposed dividend 20%	
Share capital	1,00,000
Surplus in statement of Profit and Loss (1-1-2023)	44,000
Transfer to General Reserve 20%	
Provide Corporate Dividend Tax 17%	

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

- (a) State the Statutory Provisions relating to preparation and presentation of Balance Sheet of a listed and limited company under Companies Act, 2013.
- (b) The following informations and balances are extracted from the books of Mainao Ltd, a listed company as on 31 March, 2024 :

	₹
1,40,000 equity shares of ₹ 10 each	14,00,000

	₹
20,000, 6% Redeemable Preference Shares of ₹ 10 each. (Redeemable on 31st March, 2026)	2,00,000
Sunday Creditors (10% is payable after 12 months)	1,90,000
10% Debentures (out of the total 20% is redeemable within 12 months)	5,00,000
General Reserve	1,02,000
Stationary in hand	2,000
Securities premium reserve	60,000
Surplus in statement of Profit and Loss Account (2023-2024)	4,00,000
Livestock	1,00,000
Land and Building	7,00,000
Cash at Bank in Current Account	80,000

Cash in hand	17,000
Cheques in hand.	3,000
Security Deposits received from cashier	30,000
Stock in Trade	4,00,000
Goodwill	1,00,000
Furniture and Fixture	3,00,000
Plant and Machinery	6,60,000
Sundry Debtors (30% receivable after 12 months)	3,00,000
Loose Tools	20,000
Patents	60,000
Trade Mark	40,000
Computer Software	1,00,000

You are required to prepare Balance Sheet of the company as per Schedule III (Ind AS) of Companies Act, 2013. Notes to the Balance Sheet is optional.

- (c) X Ltd. acquired 8,000 shares of Y Ltd. on 30-09-2023. Their Balance Sheet as at 31.03.2024 were as follows :

Balance Sheet

Particulars	₹	₹
	X Ltd	Y Ltd
I. ASSETS :		
(1) Non-current Assets :		
(a) Property, Plant and Equipment	1,30,000	1,00,000
(b) Investments :		
8000 equity shares in Y Ltd.	96,000	-
(2) Current Assets :		
(a) Trade Receivables :		
Bills Receivables		16,000
(b) Other current Assets	94,000	60,000
Total Assets	3,20,000	1,76,000

II. EQUITIES AND LIABILITIES.	₹	₹
	X Ltd	Y Ltd
(A) EQUITY:		
(a) Share capital :		
Equity shares of Rs. 10 each	2,00,000	1,00,000
(b) Other Equities:		
Reserves	50,000	30,000
Surplus in the statement of Profit and Loss A/c	20,000	10,000
(B) LIABILITIES :		
(1) Non-current Liabilities		
Pension Fund	10,000	16,000
(2) Current Liabilities		
(a) Trade Payables:		
Sundry Creditors	24,000	20,000
Bills Payable	16,000	
Total Equities and Liabilities	3,20,000	1,76,000

- (a) On 1-4-2023 the statement of Profit and Loss and general reserves of Y Ltd showed credit balance of ₹ 8,000 and ₹ 20,400 respectively.

- (b) Bills Receivable of Y Ltd. are of payable by X Ltd.

Prepare Consolidated Balance Sheet.

- (d) P Ltd. and Q Ltd. decided to amalgamate and a new company PQ Ltd. is formed to take over both the companies as on 31st March, 2024. The following are the Balance Sheet of the companies as on that date:

Balance Sheet

Particulars	Amount ₹	
	P Ltd.	Q Ltd.
I. ASSETS		
(1) Non-current Assets:		
(a) Property-Plant and Equipment	4,50,000	4,45,000
(b) Goodwill	1,00,000	80,000
(c) Other intangible assets:		
Patent and Trade Mark	-	52,500
(2) Current Assets:		
(a) Inventory	2,00,000	1,50,000
(b) Trade receivables:		
Debtors	1,00,000	50,000
Bills Receivables		20,000
(c) Cash and cash equivalents	50,000	2,500
Total Assets	9,00,000	8,00,000

Particulars	Amount ₹	
	P Ltd.	Q Ltd.
II. EQUITIES AND LIABILITIES:		
(A) EQUITY:		
(a) Equity share capital:		
Shares of Rs.10 each fully paid	5,00,000	3,00,000
(b) Other Equity		
Reserve fund	2,00,000	1,50,000
Dividend Equalisation fund		1,00,000
Workman compensation fund	20,000	
Surplus in the statement of Profit and Loss A/c	30,000	50,000
(B) LIABILITIES:		
(1) Non-current Liabilities		
Financial Liabilities 10% Debentures	50,000	
(2) Current Liabilities :		
Trad payables :	1,00,000	1,20,000
Sundry creditors	50,000	30,000
Bills payable		
Total Equity and Liabilities:	9,00,000	8,00,000

Show how the amount payable to each company is arrived at end. Prepare the amalgamated Balance Sheet of PQ Ltd, assuming amalgamation is done in the nature of purchase.
