



WEST BENGAL STATE UNIVERSITY
B.Com. Honours 5th Semester Supplementary Examination, 2021

FACADSE02T- B.COM. (DSE1/2)

CORPORATE ACCOUNTING

Time Allotted: 2 Hours

Full Marks: 50

*The figures in the margin indicate full marks.
Candidates should answer in their own words and adhere to the word limit as practicable.*

GROUP-A

Answer any two questions from the following

10×2 = 20

1. (a) Describe Capital profits with suitable examples. 4+3+3
(b) Mention any four Statutory Books to be maintained by a company.
(c) State how 'Preliminary Expenses' are shown in company accounts.

2. (a) A Limited Company issued 25,000 Ordinary Shares of Rs. 25 each payable Rs. 5 on application, Rs. 10 on allotment and Rs. 5 each on subsequent calls, 20,000 shares were fully-subscribed and moneys duly received. You are required to give journal entries, and Balance Sheet of the company. 5+5
(b) Small Co. Ltd. issued 5000, 12% Debenture of Rs. 100 each. Give the journal entries if the Debentures are:
(i) issued at a discount of 10% and (ii) issued at a premium of 10%.

3. Sam Ltd invited applications from public for 1,00,000 equity shares of Rs. 10 each at a premium of Rs. 5 per share. The entire issue was underwritten by the underwriters A, B, C and D to the extent of 30%, 30%, 20% and 20% respectively with the provision of firm underwriting of 3,000, 2,000, 1,000 and 1,000 shares respectively. The underwriters were entitled to the maximum commission permitted by law. The company received applications for 70,000 shares from public out of which applications for 19,000; 10,000; 21,000 and 8,000 shares were marked in favour of A, B, C and D respectively. Calculate the liability of each of the underwriters. Also ascertain the underwriting commission payable to the different underwriters. 10

4. S. Mazumder runs a chemist shop. His net assets amount to Rs 10,00,000. After paying a rent of Rs. 20,000 a year and salary of Rs 20,000 to the chemist, he earns a profit of Rs. 1,50,000. His landlord who happens to be an expert chemist interested in purchasing the shop. 12% is considered to be a reasonable return on capital employed. What can S. Mazumder expect as payment for Goodwill under Capitalization of Average Profits methods? 10

5. (a) Define 'Debenture, Equity Share and Preference Share'. What are the different types of Preference share we find? 5+5

- (b) Highlight 5 points of distinction between Debenture, Equity share and Preference share.
6. Pass necessary journal entries for the following transactions in connection with a scheme of internal reconstruction of a company: 10
- (i) The company has 50,000 equity shares of Rs. 10 each, Rs. 8 per share paid-up. As per the scheme of reconstruction, uncalled capital is to be called up in full and then equity shares are to be reduced to Rs. 5 per share.
 - (ii) Trade creditors of Rs. 80,000 have agreed to forgo 50% of their claim on a condition that the balance should be paid immediately.
 - (iii) The company has 2,000, 11% Debentures of Rs. 100 each fully paid-up. The debenture holders agreed to surrender their existing debenture of Rs. 100 each and exchange the same for new 12.5% Debenture of Rs. 80 each.
 - (iv) Fixed assets of Rs. 10,00,000 are to be written down by 40%.

GROUP-B

Answer any *two* questions from the following

15×2 = 30

7. The Balance Sheets of H Ltd. and its subsidiary S Ltd. As on 31st March 2019 are as under: 15

| Particulars | Notes No. | H. Ltd. Rs. | S Ltd. Rs. |
|--|--------------|------------------|------------------|
| I. EQUITY AND LIABILITIES | | | |
| 1. Shareholders Fund | | | |
| (a) Share Capital | | 10,00,000 | 8,00,000 |
| (b) Reserve and Surplus | | 6,00,000 | 5,00,000 |
| 2. Share Application Money Pending Allotment | | - | - |
| 3. Non-Current Liabilities | | - | - |
| 4. Current Liabilities | | 2,00,000 | 2,00,000 |
| TOTAL | | 18,00,000 | 15,00,000 |
| II. ASSETS | | | |
| 1. Non-Current Assets | | | |
| (a) Property, Plant and Equipment | | 5,00,000 | 4,00,000 |
| (b) Non-Current Investment | | 5,00,000 | - |
| 2. Current Assets | | 8,00,000 | 11,00,000 |
| | | 18,00,000 | 15,00,000 |

Note to the Financial Statements

| Particulars | H Ltd. | S Ltd. |
|---|-----------|----------|
| 1. Share Capital | | |
| Authorized | ? | ? |
| Issued, Subscribed and Paid up | | |
| (a) Equity Share Capital of Rs 10 each | 10,00,000 | 8,00,000 |
| 2. Reserve and Surplus | | |
| (a) General Reserve | 2,00,000 | 2,00,000 |
| (b) Balance in Statement of Profit and Loss | 4,00,000 | 3,00,000 |
| 3. Non-Current Investments | | |
| (a) Investment in 3,000 Equity Shares in S. Ltd | 5,00,000 | |

- (i) H. Ltd acquired 3,000 Shares in S Ltd. on 1st April 2018, where the Reserve and Surplus of S Ltd was under a) General Reserve Rs. 5,00,000
(b) Statement of Profit and Loss (Cr) Rs. 2,00,000.
- (ii) On 1st October, 2018, S Ltd. issued three fully paid up share for every five shares held as bonus out of pre-acquisition Reserve.
- (iii) On 30.06.2018, S Ltd. declared a dividend of 20% out of its pre-acquisition profits and H ltd. credited this dividend received to its statement of Profit and Loss.
- (iv) S Ltd. owed H Ltd. on 31.03.2019 Rs. 1,00,000 for purchase of stock from H Ltd. The entire stock is held by S Ltd. on 31.03.2019. H Ltd. made a profit on 25% on cost.
- (v) H Ltd. transferred for cash payment a machine to S Ltd. for Rs. 80,000. The book value of the Machine was Rs. 60,000.

Prepare Consolidated Balance Sheet on 31.03.2019.

8. B Ltd issued 20,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows: 15

On applications: Rs. 5, On allotment: Rs. 5 (including premium), On call: Rs. 2.

Applications were received for 24,000 shares and Letters of regret were issued to applicants for 4,000 shares and shares were allotted to all other applicants. Mr. A the holder of 150 shares failed to pay the allotment money on his subsequent failure to pay the call money the shares were forfeited. Pass the journal entries in the books of B. Ltd.

9. The trial balance of Zee Ltd. as on 31/03/2019 is given below: 15

| Debit | Rs. | Rs. | Credit |
|------------------------|-----------------|-----------------|-----------------|
| Stock on 1.4.2018 | 75,000 | Share Capital | 1,00,000 |
| Purchase | 2,40,000 | Sales | 3,40,000 |
| Wages | 35,000 | Discount | 3,000 |
| Carriage | 900 | P/I Balance | 15,000 |
| Furniture | 17,000 | Creditors | 25,000 |
| Salaries | 7,500 | Bills payable | 10,000 |
| Rent | 10,000 | 10% Debentures | 37,000 |
| Administration Expense | 12,000 | General reserve | 20,500 |
| Plant and Machinery | 70,000 | | |
| Debtors | 35,000 | | |
| Bills Receivable | 5,000 | | |
| Cash | 8,000 | | |
| Bank | 15,000 | | |
| Long term investment | 20,100 | | |
| TOTAL | 5,50,000 | | 5,50,000 |

Additional information:

- (i) Stock as on 31 03 2019 Rs. 88,000
- (ii) Provide for income tax @ 30%
- (iii) Depreciate Plant & Machinery and Furniture @ 10%
- (iv) On 31 03 2019. Outstanding rent amounted to Rs. 800 and salaries Rs. 7900.
- (v) 10% of net profit is transferred to Reserves.

Prepare Statement of Profit and Loss for the year ended March 31, 2019

10. The following particulars of a company are available for the year 2019-20: 15

- (i) Equity Share Capital: 12,000 Equity Shares of Rs. 10 each
- (ii) Preference Share Capital: 900 11% Preference Shares of Rs. 100 each fully Paid
- (iii) Reserves and Surplus:
 - General Reserve: Rs. 10,000
 - Profit and Loss Account: Rs. 14,000
- (iv) The normal profit (after taxation) earned each year by the company:
 - Year 2017-18: Rs. 25,000
 - Year 2018-19: Rs. 35,000
 - Year 2019-20: Rs. 30,000

The normal rate of return in respect of the Equity Shares of this type of company is calculated as 10%. Calculate Fair Value of each Equity Share of the company.

11. Write short notes on any *three* of the following: 5×3 = 15

- (a) Amalgamation in the nature of merger
- (b) Secured and Unsecured Loans
- (c) Debenture Trust Deed
- (d) Purchase consideration
- (e) Minority Interest.

N.B. : *Students have to complete submission of their Answer Scripts through E-mail / Whatsapp to their own respective colleges on the same day / date of examination within 1 hour after end of exam. University / College authorities will not be held responsible for wrong submission (at in proper address). Students are strongly advised not to submit multiple copies of the same answer script.*

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