

**2022/TDC(CBCS)/EVEN/SEM/
COMHCC-201T/136**

TDC (CBCS) Even Semester Exam., 2022

COMMERCE

(Honours)

(2nd Semester)

Course No. : COMHCC-201T

(Corporate Accounting)

Full Marks : 70

Pass Marks : 28

Time : 3 hours

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

SECTION—A

Answer any ten questions : 2×10=20

- 1. Write two features of preference shares.**
- 2. Mention any two advantages of buy-back of shares.**
- 3. State any two points of distinction between shares and debentures.**
- 4. What are contingent liabilities?**
- 5. Give two examples of preliminary expenses.**
- 6. What is corporate dividend tax?**

(2)

7. Mention any two factors affecting the value of goodwill.
8. What is amalgamation?
9. Name the different types of amalgamation according to AS-14.
10. Give two situations under which an enterprise can become a holding company.
11. What is pre-acquisition profit?
12. Write two needs of preparation of consolidated financial statements.
13. What do you mean by non-performing assets of a banking company?
14. What is re-insurance?
15. What is valuation Balance Sheet?

SECTION—BAnswer any *five* questions :

10×5=50

16. Sunlight Ltd. Company has 4000 preference shares of ₹ 100 each fully paid up in its share capital. These shares have now become due for redemption at a premium of 10%. The shares are redeemed out of fresh issue of equity shares of ₹ 10 each at par. The Statement of Profit and Loss of the company has a surplus balance of ₹ 1,00,000.

Show necessary Journal Entries in the books of the company. 10

(3)

17. (a) Name various sources from which bonus shares are issued. 5
- (b) Distinguish between right shares and bonus shares. 5
18. Prepare a Statement of Profit & Loss of Hindustan Ltd. for the year ended 31st March, 2022 considering the following balances and information : 10

Debit Balances	Amount (₹)	Credit Balances	Amount (₹)
Purchases	80,000	Profit from Branch	1,300
Wages	9,000	Profit from	
Royalty	3,300	Consignment	700
Goodwill	2,000	Interest on Investment	500
Salaries	20,150	Unclaimed Dividend	800
Insurance	2,400	Income Tax Refund	7,450
Repairs and		Interest on Income	
Maintenance	4,400	Tax Refund	550
Staff Welfare Expenses	8,500	Sales	1,57,900
Discount	700	Bad Debt Recovered	200
Interest on Debentures	2,000		
Loss on Issue of			
Debenture	10,000		
10% Investment			
on 1.7.2021	30,000		
Plant	15,000		

Additional Information :

- (i) Closing stock ₹ 25,000
- (ii) Depreciate plant @ 10%
- (iii) 30% of goodwill is to be written off
- (iv) $\frac{1}{5}$ th of loss on issue of debenture is to be written off

(4)

19. Under which headings and sub-headings, the following items will be shown in the Balance Sheet of a company? 10

- (a) Patents
- (b) Investment (long-term)
- (c) Public deposits
- (d) Bank overdraft
- (e) Authorized share capital
- (f) Bills payable
- (g) Prepaid insurance
- (h) Sundry debtors
- (i) Capital reserve
- (j) Discount on issue of debenture

20. (a) State the circumstances in which there may be need for valuation of shares. 5

- (b) A firm earns a profit of ₹ 20,000 with an invested capital amounting to ₹ 1,50,000. Normal rate of earning in the same class of business is 10%. Ascertain the value of goodwill according to capitalization method. 5

21. (a) What are the situations that call for internal reconstruction of a company? 5

(5)

(b) The following schemes of internal reconstruction have been approved for AB Ltd. :

- (i) The shareholders to receive in lieu of their present holding of 50000 shares of ₹ 10 each in the following :

- (1) Fully paid equity shares equal to $\frac{2}{5}$ th of their holding
- (2) 10% preference shares, fully paid, to the extent of $\frac{1}{5}$ th of the above new equity shares
- (3) ₹ 60,000, 14% second debentures

- (ii) An issue of ₹ 50,000, 12% first debentures was made, payment for the same being received in cash forthwith

- (iii) Goodwill which was at ₹ 1,50,000 was completely written off

- (iv) Machinery which stood at ₹ 1,00,000 was written down to ₹ 75,000

- (v) Freehold premises which stood at ₹ 1,75,000 were written down to ₹ 1,50,000

Pass Journal Entries in the books of the company necessitated by the above reconstruction. 5

(6)

22. Explain the provisions of Accounting Standard-21 in relation to the preparation of Consolidated Financial Statements. 10

23. The following is the Balance Sheet of H Ltd. and its subsidiary S Ltd. as on 31st March, 2022 :

Particulars	Amount (₹)	
	H Ltd.	S Ltd.
I. Equity and Liabilities :		
(1) Shareholders' fund :		
(a) Share capital :		
Equity shares of ₹ 10 each	1,20,000	40,000
(b) Reserve and surplus :		
Surplus in statement of profit & loss	10,000	8,000
(2) Current liabilities :		
Trade payables :		
Sundry creditors	46,000	4,000
Total	<u>1,76,000</u>	<u>52,000</u>
II. Assets :		
(1) Non-current assets :		
Tangible	1,36,000	52,000
(2) Non-current investments :		
1600 shares in S Ltd.	40,000	
Total	<u>1,76,000</u>	<u>52,000</u>

The shares were acquired by H Ltd. on 1st October, 2021.

Prepare the Consolidated Balance Sheet of the holding company and its subsidiary as on 31st March, 2022. 10

(7)

24. Prepare Profit & Loss Account of City Bank Ltd. for the year ended 31.03.2022 from the following information showing the required schedules in the proper format : 10

	₹
Auditor's fees	1,500
Sundry charges (Cr.)	2,000
Director's fees	4,000
Interest on savings bank deposits	70,000
Interest on loan advanced	2,60,000
Discount of bills discounted (net)	1,50,000
Employees salary	25,000
Printing and stationery	3,000
Interest on Current Account	40,000
Establishment expenses	50,000
Interest on fixed deposits	2,90,000
Interest on balances with RBI	60,000
Profit on exchange transactions	8,000
Rebate on bills discounted	50,000
Profit on sale of land	3,000
Interest on RBI borrowings	12,000
Commission	8,000
Interest on cash credits	2,10,000
Interest on borrowings from other banks	11,000
Postage and telegrams	1,500
Rent and taxes	20,000
Interest on overdrafts	1,60,000

Bad debts to be written off amounted to ₹ 30,000. Provision for taxation should be made @35%.

Transfer 20% to statutory reserve and 5% to reserve.

(8)

- 25. (a)** What are the different types of insurance? 4
- (b)** What are the statutory books maintained by a life insurance company? 6

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