

**2023/TDC(CBCS)/EVEN/SEM/
COMHCC-201T/393**

TDC (CBCS) Even Semester Exam., 2023

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* of the following questions : 2×10=20

1. What is buyback of shares?
2. Point out any two SEBI guidelines for redemption of debentures.
3. Mention any two distinctions between calls-in-arrear and calls-in-advance.
4. Write a short note on provision for taxation.

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5. What are the kinds of share capital?
6. Write the accounting treatment of preliminary expenses.
7. Point out two essential features of goodwill.
8. Mention any two factors affecting the valuation of shares.
9. State two widely applied methods for the valuation of shares.
10. How does a holding company come into existence?
11. Point out any two drawbacks of holding companies.
12. What is meant by subsidiary company?
13. Write a short note on non-performing assets of a banking company.
14. Narrate the term 'surrender value'.
15. State in brief about on core banking.

(3)

SECTION—B

Answer any *five* of the following questions : 10×5=50

16. Trishadri Traders Ltd. issued 5000 equity shares of ₹ 20 each, payable ₹ 5 on application; ₹ 8 on allotment; ₹ 4 on first call; and the balance on final call.

All the shares were applied for and they were duly allotted. All the calls were made and shares money were duly received excepting the following :

- Prachi holding 300 shares failed to pay the calls money
- Piu holding 500 shares failed to pay the calls money
- Punam holding 400 shares paid the entire balance due by her along with the allotment

The authorized capital of the company was ₹ 5,00,000.

Make necessary Journal Entries in the books of the company.

17. Following is the Balance Sheet of X Ltd. as at 31st March, 2023 :

Liabilities	(₹)	Assets	(₹)
Authorized and Subscribed Capital :		Sundry Assets	20,10,000
Equity shares of ₹ 100 each	10,00,000		
Securities Premium Account	3,00,000		

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Liabilities	(₹)	Assets	(₹)
Capital Redemption			
Reserve Account	1,80,000		
Capital Reserve Account	2,00,000		
Reserve Account	1,50,000		
Profit & Loss Account	1,80,000		
	<u>20,10,000</u>		<u>20,10,000</u>

Directors recommended issue of three(3) bonus shares for every five(5) shares held.

Show the relevant Journal Entries in the books of the company along with clearly show the working notes.

18. The following is the extract of Trial Balance of Mousumi Ltd. as on 31.03.2023 :

Particulars	₹
Opening Inventory (01.04.2022)	70,000
Purchases Return	10,000
Purchases	2,35,000
Sales	3,16,000
Salaries and Wages	50,000
Dividend Received	3,200
Carriage Inward	200
Advertisement on Share Buyback	7,500
Auditor's Fees	3,050
Dividend Paid	8,000
Patent Rights	800

You are required to prepare a Statement of Profit and Loss (under the Companies Act)

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after considering the following additional information :

- Closing inventory (on 31.03.2023) is ₹ 1,20,000
 - Provide for dividend @10% for current year
 - Write off ₹ 200 from patent rights
 - Outstanding salaries and wages ₹ 400
19. Prepare a Balance Sheet as at 31.03.2023 from the particulars furnished by Vision Ltd. as per Schedule III of the Companies Act, 2013 :

	₹
Equity Share Capital (₹10 each fully paid)	8,00,000
Calls-in-Arrear	800
Land	1,60,000
Building	2,80,000
Plant and Machinery	4,20,000
Furniture	40,000
General Reserve	1,68,000
Loan from IDBI	1,20,000
Loan (unsecured)	96,800
Provision for Taxation	54,400
Sundry Debtors	1,60,000
Advances (Dr.)	34,160
Proposed Dividend	48,000
Surplus Balance	80,000
Cash in Hand	24,000

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	₹
Cash at Bank	1,97,600
Patents	10,640
Sundry Creditors (for goods and expenses)	1,60,000
Stock :	
Finished Goods	1,60,000
Raw Materials	<u>40,000</u>
	2,00,000

Adjustments :

- (i) 1500 equity shares were issued for consideration other than cash
- (ii) Loan of ₹ 1,20,000 from IDBI is inclusive of ₹ 6,000 for interest accrued but not due. The loan is hypothecated by plant and machinery
- (iii) Debtors of ₹ 50,000 are due for more than six months
- (iv) The Cost of Assets :
- Building—₹ 3,20,000
- Plant and Machinery—₹ 5,60,000
- Furniture—₹ 50,000
- (v) Bank balance includes ₹ 2,000 with Trust Bank Ltd. which is not a scheduled bank
- (vi) Bills receivable for ₹ 2,20,000 maturing on 30th June, 2023 have been discounted
- (vii) The company had contract for the erection of machinery at ₹ 1,50,000 which is still incomplete

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20. (a) Explain the term 'valuation of goodwill'.

(b) The profits of Sumitra Ltd. for the last six(6) years were as follows :

Year	₹
2017	12,000
2018	15,000
2019	16,000
2020	20,000
2021	14,000
2022	25,000

Compute the value of goodwill of Sumitra Ltd. on the basis of five(5) years purchase of weighted average after assigning weights 1, 2, 3, 4, 5 and 6 serially to the profits.

21. (a) Write three assumptions of the valuation of shares.

(b) On December 31, 2022, the Balance Sheet of Mahali Ltd. disclosed the following position :

Liabilities	(₹)	Assets	(₹)
Issued Capital in ₹10 shares	4,00,000	Fixed Assets	5,00,000
Reserves	90,000	Current Assets	2,00,000
Profit & Loss A/c	20,000	Goodwill	40,000
5% Debentures	1,00,000		
Current Liabilities	1,30,000		
	<u>7,40,000</u>		<u>7,40,000</u>

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The net profit for the three(3) years were :

Year	₹
2020	51,600
2021	52,000
2022	51,650

On which 20% was placed to reserve, this proportion being considered reasonable in the industry in which the company is engaged and where a fair investment return may be taken at 10%.

Compute the value of company's share under yield-basis method.

22. Define minority interest. Give the treatment of revaluation of assets at the time of acquisition of shares by the holding company. 2+8=10

23. The following are the Balance Sheets of H Ltd. and its subsidiary S Ltd. as on 31st March, 2023 :

	Amount (₹)	
	H Ltd	S Ltd.
I. Equity & Liabilities :		
1. Share Holders' Funds :		
(a) Share Capital :		
Equity shares of ₹ 10 each	60,000	20,000
(b) Reserve and Surplus :		
Surplus in the statement of Profit & Loss	5,000	2,000
2. Current Liabilities :		
Sundry Creditors	27,000	6,000
Total Liabilities	<u>92,000</u>	<u>28,000</u>

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	Amount (₹)	
	H Ltd	S Ltd.
II. Assets :		
(a) Non-Current Assets :		
Tangible	68,000	28,000
(b) Non-Current Investments :		
Shares in S Ltd.	24,000	—
Total Assets	<u>92,000</u>	<u>28,000</u>

The shares were acquired by H Ltd. on 31st March, 2023.

Prepare the Consolidated Balance Sheets of the holding company and its subsidiary as on 31st March, 2023.

24. How is profit or loss ascertained in life insurance business? Prepare with imaginary figures Revenue Account of a Life Insurance Company. 3+7=10

25. From the following information, you are required to prepare the Profit and Loss Account of the UCO Bank for the year ended 31st March, 2023, under the provisions of the Act, applicable thereto :

	₹
Interest on loans	5,18,000
Interest on cash credits	4,46,000
Discount on bills discounted (net)	3,90,000
Interest on overdrafts	1,08,000
Interest on savings bank deposits	2,20,000
Interest on fixed deposits	5,54,000

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	₹
Commission, exchange and brokerage	16,400
Rent, taxes and lighting	36,000
Auditor fees	2,400
Postage, telegram and telephones	2,800
Sundry charges	2,000
Advertisement and publicity	1,400
Directors fees	6,000
Printing and stationery	400
Law charges	1,400
Payment to employees	1,08,000
Locker rent	700
Transfer fees	1,400
Depreciation on bank's property	10,000

Supplementary information :

- (i) Rebate on bills discounted—₹ 98,000
- (ii) Provide for bad debts—₹ 58,000
- (iii) Transfer—₹ 1,00,000 to reserve
- (iv) Transfer—₹ 50,000 to the Central
Government

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