

2008000203050012
EXAMINATION NOVEMBER 2024
BACHELOR OF COMMERCE (HONORS)
(THIRD SEMESTER)
CORPORATE ACCOUNTING - II - LEVEL5

[Time: As Per Schedule]

[Max. Marks: 50]

Instructions:

1. Fill up strictly the following details on your answer book

- a. Name of the Examination : **BACHELOR OF COMMERCE (HONORS) (THIRD SEMESTER)**
 - b. Name of the Subject : **CORPORATE ACCOUNTING - II - LEVEL5**
 - c. Subject Code No : **2008000203050012**
2. Sketch neat and labelled diagram wherever necessary.
 3. Figures to the right indicate full marks of the question.
 4. All questions are compulsory.

Seat No:

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Student's Signature

Q.1 Answer the following:

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(A) The following is the balance sheet of Vimal Limited as on 31-3-2007 and Sajan Limited intends to purchase its business.

Liabilities	Amount	Assets	Amount
1,000 Equity shares of Rs 100 each	1,00,000	Fixed Assets	80,000
Creditors	50,000	Debtors	30,000
Other Liabilities	20,000	Stock	40,000
		Cash Balance	5,000
		Bank Balance	15,000
	1,70,000		1,70,000

Profit of the company for the last five years have been as follows:

Rs 10,000; Rs 12,000; Rs 11,000; Rs 14,000 and Rs 13,000. The managing director of the company who was working in the honorary capacity now will have to be paid an annual salary of Rs. 3,000. On the other hand, the rent at Rs. 4,000 per annum which had been paid by Vimal Limited will not be charged in future, since Sajan Limited owns its own

premises. It was considered that a reasonable return on capital invested for the type of company was 10%.

Calculate the value of goodwill by Capitalization of Average Profits Method.

(B) 10,000, 12% Debentures of Rs.100 each issued at par are due for redemption at 5% premium. Pass necessary journal entries in each of the alternative cases: **4**

- 1) When debentures are redeemed by conversion into equity shares of Rs.10 each at par.
- 2) When debentures are redeemed by conversion into equity shares of Rs.10 each at 5% premium.

Q.2 GJ Ltd. issued 1,00,000 equity shares of Rs.10 each at 20% premium to general public. Amount called up per share was as under: **13**

	Rs.
With application	5
On allotment	4 (including premium)
On first call	2
On final call	Balance amount

Applications were received for 1, 50,000 shares. The company rejected applications for 10,000 shares and money was refunded. 1, 00,000 shares were allotted on pro-rata among remaining applications and excess application money was adjusted against money due on allotment. The company received all money except following:

- 1) Mr. Sahil did not pay allotment and both call money on 1,000 shares.
- 2) Mr. Nihar did not pay both call money on 500 shares.

All these shares were forfeited by the company and re-issued at 10% discount. Pass journal entries in the books of the company

Q.3 N Ltd and K Ltd. were amalgamated on 1st April 2023. A new company NK Ltd. was formed to take over the business of the existing companies.

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Particulars	Note	N Ltd.	K Ltd.
I. Equity and Liabilities :		Rs.	Rs.
(1) Shareholders' Funds			
Equity Share Capital of Rs. 100 each fully paid		5,10,000	4,35,000
12% Preference shares of Rs. 100 each fully paid up		1,92,000	1,05,000
(b) Reserves and Surplus			
Revaluation Reserve		75,000	48,000
General reserve		1,44,000	96,000
Investment Allowance reserve		30,000	18,000
Profit & Loss account		45,000	31,200
(2) Non-Current Liabilities:			
13% Debentures		30,000	16,800
Public deposit		15,000	-
(3) Current Liabilities			
Trade Payables : Creditors		87,000	37,500
Bills Payable		12,000	7,500
Total		11,40,000	7,95,000
II. Assets			
(1) Non-Current Assets :			
(a) Property, Plant and Equipment			
Land and Building		2,76,000	1,65,000
Plant and machinery		1,95,000	1,26,000
(b) Non Current Investments		45,000	30,000
(2) Current Assets			
(a) Inventories : Stock		1,95,000	1,61,400
(b) Trade Receivables: Debtors		1,83,000	1,57,000
Bills Receivables		15,000	5,000
(c) Cash and cash equivalents: Cash and bank balance		2,31,000	1,50,600
Total		11,40,000	7,95,000

Additional Information :

- 13% Debenture holders of N Ltd. and K Ltd. are discharged by NK Ltd. by issuing such number of its 15% debentures of Rs. 100 each so as to maintain the same amount of interest.

2. NK Ltd. will issue 4 equity shares for each equity share of N Ltd. and 3 equity shares for each equity share of K Ltd. The shares are to be issued at Rs. 35 each, having a face value of Rs. 10 per share.
3. Preference shareholders of the two companies are issued equivalent number of 14% preference shares of NK ltd. at a price of Rs. 125 per share.
4. Investment Allowance reserve to be maintained for 2 more years. Assuming that the amalgamation is in the nature of merger, prepare Balance Sheet of NK Ltd.

Q.4 Write short notes (any two)

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1. Provisions of the companies act with regard to redemption of redeemable Preference shares.
2. Need for valuation of shares
3. Difference between share and debenture
4. Section 2(68) Public limited company
