

**2008000203050012**  
**EXAMINATION FEBRUARY -MARCH 2024**  
**BACHELOR OF COMMERCE (HONORS)**  
**(THIRD SEMESTER)**  
**CORPORATE ACCOUNTING – II - LEVEL 5**

[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-LEVEL 5**
  - 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.
  5. Show all working as a part of your answer

Seat No:

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Student's Signature

**Q.1 Answer the following question:**

- A. The total assets of the firm are valued at Rs 8,88,300 and the total liabilities at Rs. 1,68,300. The average net profit (after tax) is Rs. 1,36,400 and the goodwill of this firm, valued at two years purchase of the super profit of the firm, is Rs. 1,00,000.  
Find out the expected rate of return on capital employed in this firm. **4**
- B. Pass Journal entries for the given transaction: **4**
1. PQ Ltd. issue 10,000, 10% debenture of Rs. 100 each at discount of 5%, redeemable at par.
  2. RB Ltd. issue 5,000,12% debentures of Rs. 100 each at a discount of 5%, redeemable at the end of 5 years at a premium of 5%.
- C. Write any four factors affecting the value of shares. **2**

Particulars	NOTES	RS
<b>I EQUITY AND LIABILITIES:</b>		
(1) Shareholders' Fund:		
Equity share capital (Rs.10 each paid up)		5,00,000
10% Preference share capital (Rs.100 each fully paid)		2,00,000
<b>Reserve and surplus:</b>		
General reserve		1,20,000
Profit and loss a/c		70,000
(2) Non-current Liabilities:		
9% Debentures		1,00,000
(3) Current Assets:		
Creditors		1,50,000
<b>Total</b>		<b>11,40,000</b>
<b>II ASSETS:</b>		
(1) Non-current Assets:		
Land and building		3,20,000
Plant and Machinery		3,15,000
(2) Non-Current Investment:		
Goodwill		75,000
(3) Current Assets:		
Stock		2,20,000
Trade debtors		1,60,000
Cash and Bank		50,000
<b>Total</b>		<b>11,40,000</b>

AD Ltd. acquired all assets and all liabilities of BS Ltd. for the purpose of absorption the assets were valued as follows:

Goodwill	1,25,000
Land and building	4,30,000
Plant and Machinery	3,00,000
Stock	2,00,000
Trade debtors	1,45,000

One-fourth of purchase consideration was satisfied by the allotment of fully paid Preference shares of Rs.100 each at par which carried 12% dividend.

One-half of purchase consideration was paid in the form of fully paid equity share of Rs.10 each issued at par and the balance was paid in cash. The Preference shares received from AD Ltd. were given to preference shareholders of BS Ltd. in exchange of shares held by them. The cost of liquidation amounting to Rs. 10,000 was paid by BS Ltd. out of cash received from AD Ltd. Debenture holders of BS Ltd. were discharged by issue of 10% own debentures by AD Ltd. You are required to:

1. Prepare Realisation Account, Preference share account, AD Ltd., Equity shareholders account
2. Pass Journal entries in the books of AD Ltd.

**Q.3** Following is the Balance Sheet of Power Cement Ltd. as on 31<sup>st</sup> March, 2023:

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Particulars	Notes	Rs.
<b>I. EQUITY AND LIABILITIES:</b>		
1. Shareholders' funds		
(a) Share capital:		
60,000 Equity shares of Rs. 10 each		6,00,000
5,000 Preference shares of Rs. 100 each:		4,96,000
5,00,000		
- Calls in arrears on 200 shares @ Rs. 20: - <u>4,000</u>		
(b) Reserve and surplus:		
Securities premium		30,000
Profit and Loss a/c		3,00,000
2. Current Liabilities:		
Trade Creditors		54,000
		<b>14,80,000</b>
<b>II. ASSETS:</b>		
1. Non- current assets		
(a) Plant and Equipment		12,00,000
(b) Non- current Investment		1,00,000
2. Current assets		
(a) Cash and cash equivalent		
		1,80,000
		<b>14,80,000</b>

On April 2023, the Board of Directors decided to redeem the preference shares at 10% and to sell the investment at its market price of Rs. 80,000. They also decided to issue sufficient number of equity shares of Rs. 10 at a premium of Rs.1 per share required after leaving a balance of Rs. 1,00,000. Premium on redemption is required to be set off against securities premium account. Repayments on redemption were made in full except to one shareholder holding 100 shares.

Pass journal entries and also prepare Balance sheet after giving the above effect.

**Q.4 Write Short notes (any three)**

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1. Explain - Section 2(62) one-person company
2. Need for valuation of shares
3. Capital reserve and Reserve capital
4. Capital Redemption Reserve

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