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(c) Write short notes on any *two* of the following.:
(CO5)

- (i) Consolidated Balance Sheet
- (ii) Types of Subsidiary Company
- (iii) Pre-acquisition Profit and Post-acquisition Profit
- (iv) Holding Company

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Roll No.

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**B. COM. (HONS.) (THIRD SEMESTER)
END SEMESTER**

EXAMINATION, Jan., 2023

CORPORATE ACCOUNTING

Time : Three Hours

Maximum Marks : 100

Note : (i) All questions are compulsory.

(ii) Answer any *two* sub-questions among (a), (b) and (c) in each main question.

(iii) Total marks in each main question are **twenty**.

(iv) Each sub-question carries 10 marks.

1. (a) 20000, 7% Redeemable Preference shares of ₹ 10 each fully paid are outstanding on 1st January, 2022. The company decided to redeem these shares on 1st March, 2022 at ₹ 13 per share. To provide for the redemption the company decide to issue

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10000 equity shares of ₹ 10 each at ₹ 14 per share payable in full on 20th February, 2022. The Statement of Profit and Loss shows a credit balance of ₹ 2,00,000. Pass the journal entries to record above transactions. (CO1)

(b) Give the accounting treatment for the following (any five): (CO1)

- (i) Issue of shares for cash
- (ii) Issue of shares at discount
- (iii) Calls in arrears
- (iv) Interest on calls in advance
- (v) Issue of fully paid Bonus shares
- (vi) Creation of Capital Redemption Reserve

(c) Prateek Ltd. issued 20000 shares of ₹ 10 each at par. The amount payable was follows :
 ₹ 2.50 on application, ₹ 2.50 on allotment, ₹ 3.00 on first call and ₹ 2.00 on final call. The company did not make the final call. Cello, a holder of 1000 shares, failed to

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pay allotment and first call money. Directors forfeited his shares and immediately re-issued the forfeited shares at ₹ 8.50 per share. Pass the necessary journal entries. (CO1)

2. (a) Give the format of Statement of Profit and Loss and Balance Sheet as per Schedule III. (CO2)

(b) The following is the Trial Balance of Milton Ltd. as at 31st March, 2022 : (CO2)

Particulars	Amount (Dr.) (₹)	Amount (Cr.) (₹)
Stock (Opening)	37,500	
Wages	25,000	
Purchases	1,22,500	
Sales		1,75,000
Discount		2,500
Furniture and Fittings	8,500	
Salaries	3,750	
Rent	2,475	
Sundry Expenses	3,525	

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Statement of Profit and Loss (1st April, 2017)		7,515
Share Capital (Face value ₹ 10 per shares)		50,000
Debtors and Creditors	18,750	8,750
Plant and Machinery	14,500	
Cash and Bank	12,600	
General Reserve		7,750
Patents and Trade Marks	2,415	
	2,51,515	2,51,515

Prepare the Profit and Loss Statement of the company as on that date after taking into consideration the following adjustments :

- Stock as at 31st March, 2022 was valued at ₹ 41,000.
- Provide depreciation on fixed assets @ 10%.

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(iii) Make a provision for income tax @ 50%.

(c) Write short notes on any *two* of the following : (CO2)

- Corporate Dividend Tax
- Transfer to Reserve Rules
- Reserves and Surplus

3. (a) Haier Ltd. decided to purchase a business. The profits for the last four years were :

2018 : ₹ 1,20,000; 2019 : ₹ 1,50,000; 2020 : ₹ 1,44,000; 2021 : ₹ 1,38,000.

The remuneration to managers payable amounts to ₹ 18,000 p. a. Find the amount of goodwill, based on three years purchase of adjusted average net profits for the last four years. (CO3)

(b) From the following information relating to a company, calculate the value of its equity share : (CO3)

Issued Equity Share Capital—20000 shares of ₹ 10 each

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Paid-up Equity Share Capital ₹ 8 per share.

6% Preference Share Capital —200000 shares of ₹ 10 each, fully paid

Transfer to General Reserve 20% of PAT

Rate of Tax—50%

Expected Profits before tax—₹ 4,00,000

Normal Rate of Dividend —20%

- (c) Explain the need for valuation of goodwill and factors affecting the value of goodwill. Give any *two* methods for valuation of shares. (CO3)

4. (a) Write short notes on any *two* of the following : (CO4)

(i) Pooling of interest method

(ii) Internal reconstruction

(iii) Purchase method in amalgamation

- (b) X Ltd. and Y Ltd. decides to amalgamate as their Business are of similar nature and a new company C Ltd. will be formed to take over their respective liabilities and

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assets. The following are their respective Balance Sheets : (CO4)

Sl.	Particulars	X Ltd. (₹)	Y Ltd. (₹)
1.	Equity and Liabilities :		
	Shareholder's Fund :		
(a)	Share Capital	1,50,000	91,000
(b)	Reserves and Surplus	10,000	9,000
	Current Liabilities :		
	Trade Payables	6,600	4,000
	Total	1,66,600	1,04,000
2.	Assets :	X Ltd. (₹)	Y Ltd. (₹)
	Non-Current Assets :		
	Fixed Assets :		
	(i) Tangible Assets	56,600	26,900
	(ii) Intangible Assets	60,000	40,000
	Current Assets :		
(a)	Inventories	32,000	23,100
(b)	Trade Receivables	15,000	12,000
(c)	Cash and Cash Equivalents	3,000	2,000
	Total	1,66,600	1,04,000

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Notes to Accounts :

			₹
1.	Share Capital 15000 equity shares of ₹ 10 each and 9100 equity shares of ₹ 10 each	1,50,000	91,000
2.	Reserves and Surplus : General Reserve Statement of Profit and Loss	8,400 1,600	9,000
3.	Trade Payables : Sundry Creditors	6,600	4,000
4.	Tangible Assets : Freehold Premises Plant & Machinery	20,000 36,600	— 26,900
5.	Intangible Assets : Goodwill	60,000	40,000
6.	Trade Receivables : Sundry Debtors	15,000	12,000
7.	Cash and Cash Equivalents : Cash at Bank	3,000	2,000

Assuming that assets realize their book values, what amount each company will get ? Pass the necessary journal entries in the books of the transferee company and prepare the Balance Sheet after amalgamation. (CO4)

(c) Pass the journal entries for the following (any five) : (CO4)

- When the transferee company bears the liquidation expenses of the transferor company.
- For writing off goodwill against capital reserve.
- Payment of Purchase Consideration.
- For incorporating assets and liabilities taken over by the transferee.
- Accumulated losses and fictitious assets are transferred to equity shareholders' account.
- Purchase consideration received from the transferee company.

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5. (a) Discuss the treatment in the following cases :

(CO5)

(i) When all the shares of subsidiary company are held by the holding company i. e., wholly owned subsidiary.

(ii) When some of the shares of the subsidiary company are held by outsiders i. e., partly owned subsidiary.

(b) The Balance Sheet of Ankit Ltd. and Pulkit Ltd. as on 31st March, 2022 as follows :

(CO5)

Sl.	Particulars	Note No.	Ankit Ltd. (₹)	Pulkit Ltd. (₹)
1.	Equity and Liabilities :			
	Shareholder's Fund :			
(a)	Share Capital (₹ 100 each)		8,00,000	2,00,000

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(b)	Reserves and Surplus	2,00,000
	Current Liabilities :		
	Trade Payables	4,00,000	1,00,000
	Total	14,00,000	3,00,000
2.	Assets :		
	Non-current Assets		
(a)	Fixed Assets	12,40,000	3,00,000
(b)	Long-term Investments (1600 shares of Pulkit Ltd. at cost)	1,60,000	
	Total	14,00,000	3,00,000

You are required to prepare consolidated Balance Sheet.

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