

**B.Com. Semester-III Examination, 2022-23****COMMERCE [Honours]**

Course ID : 31213 Course Code : BCOMH/303/C-7

**Course Title : Corporate Accounting-I**

Time : 2 Hours

Full Marks : 40

*The figures in the right-hand margin indicate marks.**Candidates are required to give their answers in their own words as far as practicable.*

1. Answer any **five** questions: 2×5=10
- What do you mean by 'Irredeemable Preference Share'?
  - What is meant by issue of share at a premium?
  - What is Right Share?
  - What are the different methods for the redemption of debenture?
  - What is purchase consideration?
  - What is Reserve Capital?
  - What do you mean by Bonus Share?
  - What is Amalgamation by Merger?

2. Answer any **four** questions: 5×4=20
- Explain briefly cum-interest investment and ex-interest investment with suitable examples.
  - Distinguish between Bonus Share and Right Share.
  - Discuss in brief different types of Preference Share.
  - PQR Ltd. issued 20,000 Equity shares of Rs.10 each at a discount of 10%, payable at Rs.2 on Application, Rs.3 on Allotment and Rs.4 on First and final call. Mr. Ravi holding 1,000 shares did not pay the call money. His shares were forfeited and reissued at Rs.7 per share to Mr. Rajesh. Show the forfeitures and reissue entries.
  - The following balances were extracted from the books of Green Ltd. as on 30 June, 2022:
 

4,000, 8% Redeemable Preference Shares of Rs.100 each	
fully called up	Rs.4,00,000
Less: Calls-in-arrear at Rs.20	
per share on 600 shares	<u>Rs.12,000</u>
	<u>Rs.3,88,000</u>
Profit and Loss Account Balance	Rs.1,00,000
Capital Reserve	Rs.20,000

The preference shares were redeemed on 1st July, 2022 at a premium of Rs.5 per share.

The company issued such further equity shares Rs.10 each as were necessary for the purpose of redeeming the preference shares which were fully subscribed and duly allotted. You are required to show the journal entries relating to the redemption of 8% preference shares.

- f) Pass the necessary journal entries in the books of P Ltd and Q Ltd from the following issues:  
 P. Ltd issues 5000, 9% Debentures of Rs.100/- each at a discount of 5%, redeemable at the end of 3 years at par.  
 Q. Ltd issues 5000, 10% Debentures of Rs.100/- each at par, redeemable at the end of 3 years at a premium of 5%.

3. Answer any **one** question: 10×1=10  
 a) Discuss the provisions of the Companies Act regarding the issue of Bonus Share.  
 b) Two companies A Ltd. and B Ltd. amalgamate and form a new company Recovery Ltd on 01.04.2022. The Balance Sheets of two companies are as under:

**Balance Sheets of A. Ltd. and B. Ltd. as at 31/03/2022**

Particulars	Note	No.	A.Ltd. (Rs.)	B.Ltd. (Rs.)
<b>I. EQUITY AND LIABILITIES:</b>				
(i) Shareholders' Funds :				
(a) Share Capital - Equity Shares of ... each			8,00,000	5,00,000
(b) Reserves and Surplus - Profit and Loss Account			1,00,000	2,00,000
(ii) Share Application Money Pending Allotment –				–
(iii) Non-current Liabilities :				
(a) Long-term Borrowings - 10% Debentures			1,20,000	-
(iv) Current Liabilities				
(a) Trade Payables - Creditors			<u>1,80,000</u>	<u>1,00,000</u>
<b>TOTAL</b>			<b><u>12,00,000</u></b>	<b><u>8,00,000</u></b>
<b>II. ASSETS</b>				
(i) Non-current Assets :				
(a) Property, Plant and Equipment				
(b) Intangible Assets- Goodwill			1,40,000	-
(ii) Current Assets :				
(a) Trade Receivables - Debtors			7,50,000	5,00,000
(b) Cash and Cash Equivalents - Cash at Bank			<u>3,10,000</u>	<u>3,00,000</u>
<b>TOTAL</b>			<b><u>12,00,000</u></b>	<b><u>8,00,000</u></b>

The past average profits of A Ltd. and B Ltd. were Rs.60,000 and Rs.40,000 respectively. Recovery Ltd. agreed to take over the two companies for the sum of Rs.15,00,000 and to discharge all liabilities. Rs.3,00,000 of the purchase consideration be paid in cash and balance in equity shares. It is agreed that before being amalgamated, the debtors of the two companies will be written-down to the extent of 10%. The profit on conversion is to be divided between the two companies in the same proportion as to the profit previously earned by them (3:2).

Show Business Purchase Account in the books of Recovery Ltd. Also show how the Equity Shareholders Account of A. Ltd. and B. Ltd. be closed.

-----

The past average profits of A Ltd. and B Ltd. were Rs.60,000 and Rs.40,000 respectively. Recovery Ltd. agreed to take over the two companies for the sum of Rs.15,00,000 and to discharge all liabilities. Rs.3,00,000 of the purchase consideration be paid in cash and balance in equity shares. It is agreed that before being amalgamated, the debtors of the two companies will be written-down to the extent of 10%. The profit on conversion is to be divided between the two companies in the same proportion as to the profit previously earned by them (3:2).

Show Business Purchase Account in the books of Recovery Ltd. Also show how the Equity Shareholders Account of A. Ltd. and B. Ltd. be closed.

-----