

Roll No.

The Assam Royal Global University, Guwahati

Royal School of Commerce

B.Com Finance & Accounts 2nd Semester

Semester End Examination, June, 2024

Course Title: Corporate Accounting

Course Code: CFA042M201

Maximum Marks: 70

Time: 3 hours

Attempt all questions as per instructions given
The figures in the right-hand margin indicate marks

Section-A

Q. No.	Answer the following in brief (within 50 words)	Marks	CO	BT Level
1(a)	Discuss the sources of funds which can be utilized for making partly paid-up shares fully paid up.	2	CO2	BT 2
1(b)	Write any two advantages of rights issue of shares.	2	CO 1	BT 1
1(c)	'Discount on issue of shares' and 'Proposed Dividend' in trial balance are shown under which heading and sub-heading of a Balance Sheet?	2	CO 2	BT 2
1(d)	'Auditor's Fee' and 'Whole-time Director's fee' are shown under which type of expenses in a Statement of Profit and Loss?	2	CO 2	BT 2
1(e)	What do you mean by Purchase Consideration in Amalgamation of Companies?	2	CO 1	BT 1
1(f)	In a scheme of amalgamation involving X Ltd. and Y Ltd., the value of assets are ₹ 8,65,000 and amount payable to creditors is ₹ 1,45,000 and to debenture holders ₹ 1,10,000. Calculate the amount of purchase consideration.	2	CO 4	BT 4
1(g)	Write the meaning of 'movement in equity' in subsidiary companies.	2	CO 1	BT 1
1(h)	What is cost of control?	2	CO 1	BT 1

Section-B

Q. No.	Answer any two of the following (Within 300 words each)	Marks	CO	BT Level
2 (a)	Discuss the meaning of value of a right. Sunrise Ltd. decided to make a rights issue in the proportion of one new share of ₹ 100 each at a premium of ₹ 50 each to the share holders for every three existing shares. The market value of the shares at the time of announcement of rights issue is ₹ 400 each. Calculate the value of right of a share.	2+5	CO2 CO 3	BT 2 BT3
2 (b)	Samsung Ltd. has issued and paid up capital of ₹ 4,00,000 divided into equity shares of ₹ 10 each. The balance in the securities premium account was ₹ 20,000 and general reserves ₹ 40,000. The company decided to buy-back 20% of its share capital direct from its shareholders at ₹ 8 per share. The company issued 300, 12% preference shares of ₹ 100 each for the purpose of buy-back. Pass the necessary journal entries.	6	CO 2	BT 2
2 (c)	Distinguish between shareholders and debenture holders.	6	CO 4	BT 4

Q. No.	Answer any two of the following	Marks	CO																																				
3 (a)	<p>Under what heading and sub-heading, the following items will be shown in the Balance Sheet under Schedule III to the Companies Act, 2013.</p> <p>i) Work-in-Progress; ii) Unclaimed Dividend; iii) Securities Premium; iv) Bills Receivable; v) 12% Debentures; vi) Livestock; vii) Land and Building</p>	7	CO 2																																				
3 (b)	<p>The following is the extract of Trial Balance of X Ltd. as on 31st March, 2024.</p> <table border="0"> <thead> <tr> <th><u>Particulars</u></th> <th><u>(₹)</u></th> </tr> </thead> <tbody> <tr><td>Opening Inventory</td><td>1,10,000</td></tr> <tr><td>Purchase Return</td><td>10,000</td></tr> <tr><td>Purchases</td><td>1,35,000</td></tr> <tr><td>Sales</td><td>3,10,000</td></tr> <tr><td>Salaries and Wages</td><td>60,000</td></tr> <tr><td>Royalty received</td><td>3,200</td></tr> <tr><td>Carriage inward</td><td>200</td></tr> <tr><td>Bad debt</td><td>3,050</td></tr> <tr><td>Plant</td><td>1,80,000</td></tr> <tr><td>Dividend paid</td><td>8,000</td></tr> <tr><td>Sundry Debtors</td><td>80,000</td></tr> </tbody> </table> <p>Prepare a Statement of Profit & Loss after considering the following additional information:</p> <p>i) Closing stock as on 31.3.20 is ₹ 1,20,000 ii) Depreciate Plant by 15%</p> <p>Provide 5% for doubtful debts</p>	<u>Particulars</u>	<u>(₹)</u>	Opening Inventory	1,10,000	Purchase Return	10,000	Purchases	1,35,000	Sales	3,10,000	Salaries and Wages	60,000	Royalty received	3,200	Carriage inward	200	Bad debt	3,050	Plant	1,80,000	Dividend paid	8,000	Sundry Debtors	80,000	7	CO 2 BT 2												
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3 (c)	<p>The following ledger balances are extracted from the books of Sun Ltd. as on 31st March, 2021.</p> <table border="0"> <thead> <tr> <th><u>Particulars</u></th> <th><u>(₹)</u></th> </tr> </thead> <tbody> <tr><td>10,000 equity shares of ₹ 100 each</td><td>10,00,000</td></tr> <tr><td>Sundry Creditors</td><td>3,60,000</td></tr> <tr><td>Bank Loan</td><td>2,00,000</td></tr> <tr><td>Proposed dividend</td><td>50,000</td></tr> <tr><td>10% Debentures</td><td>4,00,000</td></tr> <tr><td>General Reserve</td><td>1,40,000</td></tr> <tr><td>Securities Premium</td><td>50,000</td></tr> <tr><td>Surplus in the Statement of Profit & Loss on 31-3-21</td><td>2,00,000</td></tr> <tr><td>Livestock</td><td>1,50,000</td></tr> <tr><td>Land & Building</td><td>5,40,000</td></tr> <tr><td>Cash in hand and at bank</td><td>1,50,000</td></tr> <tr><td>Stock-in-trade</td><td>2,10,000</td></tr> <tr><td>Furniture</td><td>3,00,000</td></tr> <tr><td>Plant & Machinery</td><td>5,00,000</td></tr> <tr><td>Sundry Debtors</td><td>4,40,000</td></tr> <tr><td>Prepaid expenses</td><td>10,000</td></tr> <tr><td>Long-term investments</td><td>1,00,000</td></tr> </tbody> </table> <p>You are required to prepare a Balance Sheet of the company as per Schedule III of Companies Act, 2013. (notes not required)</p>	<u>Particulars</u>	<u>(₹)</u>	10,000 equity shares of ₹ 100 each	10,00,000	Sundry Creditors	3,60,000	Bank Loan	2,00,000	Proposed dividend	50,000	10% Debentures	4,00,000	General Reserve	1,40,000	Securities Premium	50,000	Surplus in the Statement of Profit & Loss on 31-3-21	2,00,000	Livestock	1,50,000	Land & Building	5,40,000	Cash in hand and at bank	1,50,000	Stock-in-trade	2,10,000	Furniture	3,00,000	Plant & Machinery	5,00,000	Sundry Debtors	4,40,000	Prepaid expenses	10,000	Long-term investments	1,00,000	7	CO 3 BT 3
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Answer any two of the following (Within 300 words each)

Marks CO BT Level

Jerry Ltd. agreed to take over the business of Tom Ltd. as on March, 2020. The balance of Tom Ltd. is given below:

Particulars	₹
I. EQUITY AND LIABILITIES	
1. Shareholders' Funds	
a) Share Capital	
60,000 Equity shares of ₹ 10 each fully paid	6,00,000
b) Reserves and Surplus	1,00,000
Statutory Reserve	70,000
General Reserve	1,10,000
Surplus in the Statement of Profit & Loss	
2. Non-Current Liabilities	1,00,000
6% Debentures	
3. Current Liabilities	20,000
Trade Payable: Creditors	<u>10,00,000</u>
TOTAL	
II. ASSETS	
1. Non-Current Assets	6,40,000
Land & Building	1,00,000
Goodwill	
2. Current Assets	1,68,000
Inventory	36,000
Trade Receivables: Debtors	56,000
Cash & Cash Equivalents	<u>10,00,000</u>
TOTAL	

4 (a)

7

CO 3

BT 3

The consideration by Jerry Ltd. is made as follows:

- Cash payment of ₹ 2.50 for every share in Tom Ltd.
- Issue of 90,000 equity shares of ₹ 10 each fully paid in Jerry Ltd. at an agreed value of ₹ 15 per share

Calculate the amount of purchase consideration and pass the necessary journal entries in the books of Tom Ltd.

4 (b)

Explain the objectives of amalgamation of companies.

7

CO 2

BT 2

4 (c)

Explain the meaning of Purchase Consideration.

In a scheme of amalgamation involving X Ltd. and Y Ltd., X Ltd. is taken over by Y Ltd. which is having 60,000 Equity shares of ₹ 10 each. Y Ltd. agrees to make the following payments:

- Cash @ ₹ 7 per share for every share held in X Ltd.
- Issue two equity shares of ₹ 10 each at a premium of 10% for every three equity shares held in X Ltd.
- Discharge of ₹ 1,00,000, 12% debentures of X Ltd. at 5% premium by issuing 11% debentures in Y Ltd. at par.
- ₹ 1,80,000 cash to creditors of X Ltd. in final settlement of their account.

Calculate the amount of Purchase Consideration.

7

CO 2

BT 2

