

**B. COM**  
**Third Semester**  
**CORPORATE ACCOUNTING**  
**(BCM - 13)**

**Duration: 3Hrs.**

**Full Marks: 70**

Part-A (Objective) =20  
Part-B (Descriptive) =50

**(PART-B: Descriptive)**

**Duration: 2 hrs. 40 mins.**

**Marks: 50**

**Answer any five of the following questions**

1. (a) What is meant by Forfeiture of Shares? (2)  
(b) Super Star Ltd. makes an issue of 10,000 shares of Rs. 100 each, payable as  
On Application Rs. 25  
On Allotment Rs. 25  
On First call Rs. 25  
On Second Call Rs. 25  
Members holding 400 shares did not pay the second call and the shares are duly forfeited, 200 of which are reissued as fully paid at Rs.50 per share. Pass Journal Entries in the books of the company. (8)
2. (a) What are the advantages of right issue? (5)  
(b) East Coal Ltd. Has a paid up capital of Rs.6, 00,000 divided into equity shares of Rs.10 each, Rs.6 paid up. (5)  
The following balances are available in the books of the company:  
(i) Securities Premium Rs. 4, 00,000.  
(ii) Profit and Loss Account Rs. 2, 40,000 after declaration of annual dividend.  
(iii) General Reserve Rs.1,80,000.  
The company has decided in the General Meeting to capitalize the necessary amount of the above balances by paying a bonus of Rs.4 per share to make the shares fully paid-up.  
Pass necessary Journal Entries in the books of the company to give effect to the above transactions.

3. (a) On 1st April, 2014, Jorhat Construction Ltd. Issued 5,000, 6% Debentures of Rs.100 each at a discount of 10% repayable in 5 years in annual equal installments.  
Give Journal Entries in the books of the company on the date of issue. State the treatment of discount on debentures. Books of accounts are closed on 31st March each year. (5)
- (b) On 1-1-2011, SK Ltd. issued 9% Debentures of Rs. 100 each at a discount of 5% with the condition that these will be redeemed at a premium of 10% on 31-12-2013.  
Pass necessary Journal Entries for the issue and redemption of these debentures. Ignore Interest. (5)
4. What do you mean by redemption of debentures out of capital? State the different methods of redemption of debentures. (2+8=10)
5. (a) State the statutory provisions relating to transfer of profits to reserves. (5)
- (b) On 31st March, 2013, NE Ltd. had a balance of Rs.65, 000 in General Reserve, Rs.50, 000 in Capital Redemption Reserve, Rs.35, 000 in Securities Premium Account. The Company incurred a loss of Rs.16, 000 during the Accounting year 2012-13. Preliminary expenses not written off till 31-03-2012 Rs.7, 000.  
The company has a paid up share capital of Rs. 8, 00,000 divided into Equity Shares of Rs.10 each. The company had an authorized capital of Rs.20, 00,000 and an issued capital of Rs.10, 00,000.  
Show how the above items will appear in the Balance Sheet of the company as per Schedule VI Part-I of Companies Act, 1956 under the new format effective from the Accounting Year commencing 1-4-2011. (5)
6. The following is the extract of Trial Balance of Star Ltd. as on 31-03-2013. (10)

	Rs.
Opening inventory	70,000
Purchase Return	10,000
Purchase	2, 35,000
Sales	3, 10,000
Salaries and wages	50,000
Dividend received	3,200
Carriage inward	200
Advertisement on share buy back	7,500
Auditor's fee	3,050
Dividend paid	8,000
Patents Rights	800

You are required to prepare a statement of Profit and Loss after consideration the additional information:

- (i) Closing stock on 31-03-2013 is Rs. 1,20,000
- (ii) Provide for dividend at 10% for current year
- (iii) Write off Rs. 200 from patent rights
- (iv) Outstanding wages Rs. 400

7. (a) Mention two objectives of amalgamation. (2)  
 (b) The summarized Balance Sheet of Prakash Ltd. on 31st December, 2010 was as follows: (8)

**Prakash Ltd.**  
**Balance Sheet as at 31st Dec., 2010**

Particulars	Amount (Rs.)
<b>I. EQUITY &amp; LIABILITIES:</b>	
<b>1. Shareholders' Funds:</b>	
(a) Share Capital:	
Issued & Paid up Capital	2,00,000
20,000 Equity shares of Rs.10 each fully paid	
(b) Reserve & Surplus:	
Reserve Fund	25,000
Dividend Equalization Fund	20,000
Surplus (Balance of P/L A/c)	5,100
<b>2. Non-Current Liabilities:</b>	
Long-term borrowings:	1,00,000
Debentures	30,000
<b>3. Current Liabilities:</b>	
Trade Payable (Creditors)	3,80,100
<b>II. ASSETS:</b>	
<b>1. Non-Current Assets:</b>	
Fixed Assets:	
Tangible Assets:	
Land & Building	1,00,000
Plant and Machinery	1,50,000
Furniture	2,500
<b>2. Current Assets:</b>	
Inventory	60,000
Work-in-Progress	30,000
Trade Receivable (Debtors)	25,000
Cash & Cash Equivalent	12,600
	1,27,600
	3,80,100

8. Write short notes on:

(5+5=10)

(a) Non-performing Assets of a banking company.

(b) Difference between balance sheet of banking and non-banking company.

\*\*\*\*\*

**B. COM**  
**Third Semester**  
**CORPORATE ACCOUNTING**  
**(BCM - 13)**

**Duration: 20 minutes**

**Marks – 20**

**(PART A - Objective Type)**

**I. Choose the correct answer:**

**1×10=10**

1. When shares are forfeited, the Share Capital Account is debited with the  
(a) Nominal value of shares                      (b) Called-up value of shares  
(c) Paid-up value of shares                      (d) Market value of shares
2. If the loss on reissue of shares is less than the amount forfeited, the surplus is transferred to  
(a) Capital reserve                                      (b) An asset  
(b) Revenue reserve                                      (d) None of these
3. On receiving the offer for right issue, the shareholders have the following options:  
(a) Subscribe for shares offered                      (b) Sell the rights  
(c) Ignore offer                                              (d) All of these
4. Right shares are offered only to existing  
(a) Debenture holders                                      (b) Equity shareholders  
(c) Preference shareholders                              (d) None of these
5. Debenture holders are  
(a) The owners of the company                      (b) The vendors of the company  
(c) Creditors of the company                              (d) The customers of the company
6. Debenture interest is paid  
(a) at a predetermined fixed rate.  
(b) at a variable rate.  
(c) at a rate based on the net of the company.  
(d) at a fixed rate to be determined by the Board of Directors according to situation.
7. Transfer to Debenture Redemption Reserve is not mandatory if the debentures are issued for a maturity period of .....months or less.  
(a) 6                      (b) 12                      (c) 18                      (d) 24
8. Premium on issue of shares is shown on the liabilities side of the balance sheet under the head .....  
(a) Share capital                                              (b) Reserves and Surplus  
(c) Money received against share warrants                      (d) None of these

9. The Accounting Standard .....deals with 'Accounting for Amalgamation'.  
(a) AS-11                      (b) AS-12                      (c) As-13                      (d)As-14

10. In case debentures of Rs.10,000 are issued at par but repayable at a premium of 10%, the premium payable will be debited to:  
(a) Debenture Suspense Account.  
(b) Premium on Redemption of Debentures Account.  
(c) Loss on Issue of Debenture Account.  
(d) None of these.

**II. State whether the following statements are true or false (Put '√' mark)      1×10=10**

1. It is necessary to cancel the discount on issue of shares account at the time of forfeiture of shares which were issued at a discount. (True/False)
2. It is also possible that no entry may be made in respect of debentures issued as a collateral security. (True/False)
3. Redemption of debentures out of profit means redemption out of Capital Reserve. (True/False)
4. A private limited company cannot issue right shares. (True/False)
5. Capital Redemption Reserve Account cannot be utilized for issuing partly paid up bonus shares. (True/False)
6. Buy back of shares means purchase of own equity and preference shares by a company. (True/False)
7. Revised Schedule VI does not contain the heading "miscellaneous Expenditure". (True/False)
8. Outstanding debenture interest shown under the head "Non-current Liabilities". (True/False)
9. Pooling of interest method is applied in case of amalgamation in the nature of merger. (True/False)
10. Banking Companies are governed by the Banking Regulations Act, 1949. (True/False)

\*\*\*\*\*