



BRAINWARE UNIVERSITY

Term End Examination 2018 - 19

Programme –Bachelors of Commerce (Honours) in Banking and Financial Accounting

Course Name - Corporate Accounting

Course Code - BCM201

(Semester – 2)

Time allotted: 3 Hours

Full Marks : 70

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group –A

(Multiple Choice Type Question)

10 x 1 = 10

1. *Choose the correct alternative from the following*
 - (i) Issued capital is the part of

a. subscribed capital	b. authorised capital
c. called up capital	d. paid up capital
 - (ii) Goodwill is the outcome of an impression in the mind of each

a. customer	b. creditors
c. govenment	d. none of these
 - (iii) Subscribed capital can be

a. more than called up capital	b. more than issued capital
c. more than authorised capital	d. equal to reserve capital
 - (iv) Shares are issued

a. for cash only	b. on credit only
c. for cash or for consideration other than cash	d. for consideration other than cash only
 - (v) Shares can be issued by a public company through

a. public offer only	b. private placement only
c. rights or bonus issue	d. all the above
 - (vi) Minority interest is shown in the consolidated balance sheet

a. under share capital	b. under reserves and surplus
c. as a separate item	d. none of the above
 - (vii) Dividend received by financial enterprise is shown in the cashless treatment under

a. Operating activities	b. investing activities
c. financing activities	d. none of the above

- (viii) How should the revaluation of fixed assets be treated in a cash flow statement?
- | | |
|---|---|
| a. It should be included in the cash flow from financing activities | b. It should be included in the cash flow from investing activities |
| c. It should be included in the cash flow from operating activities | d. It should not be included in the cash flow statement |
- (ix) Price paid for Goodwill depends upon purchases expectation of future
- | | |
|------------------|---------------------|
| a. growth | b. profits |
| c. none of these | d. all of the above |
- (x) Amalgamation Adjustment Account is used for recording
- | | |
|---|---|
| a. capital reserve in the books of transferee company | b. general reserve in the books of transferee company |
| c. statutory reserve in the books of transferee company | d. none of the above |

Group – B

(Short Answer Type Questions)

3 x 5 = 15

Answer any *three* from the following

2. Briefly explain the various categories of share capital. 5
3. Shivam Ltd issued 2 lakh shares of ₹10 each at a premium of ₹2 each, payable as ₹ 2 on application, ₹ 5 on allotment (including premium ₹2), ₹ 3 on first call all and ₹ 2 on final call. The shares were fully subscribed. Application and allotment money were received in full. Sakshi, a shareholder, did not pay the first call and final call on 2000 shares. Sashi another shareholder did not pay the final call on 800 shares. Illustrate the necessary journal entries in view of the transactions. 5
4. Discriminate between shares and stock. 5
5. Ashok Ltd. agrees to purchase business of a sole trader. For that purpose Goodwill is to be valued at 3 year's purchase of average profit of last 5 years. Profits for these years are: 2014-15- ₹40000, 2015-17- ₹45000, 2016-17- ₹36000, 2017-18- (₹10000) and 2018-19- ₹50000. On the scrutiny of records, the following matters are revealed: 5
- (a) There was a major repair in respect of plant in the year 2014-15 amounting to ₹5000 which was charged to the revenue.
- (b) The closing stock of the year 2016-17 was overvalued by ₹2000.
- From the above information you are required to assess the Goodwill of the firm.
6. From the following information of Bose Ltd for the year ended 31st March. 2016 assess cash flow from investing activities: 5
- Repayment received on loans and advances- ₹ 1 lac
 - Purchase of furniture for resale- ₹ 50000
 - Rental income received from building held as investment- ₹ 20000
 - Purchase of current investment for cash- ₹ 25000
 - Sale of building- ₹ 5 lakh
 - Purchase of vehicle in exchange of goods produced- ₹ 100000
 - Purchase of trademark for cash- ₹ 40000

Group – C

(Long Answer Type Questions)

3 x 15 = 45

Answer any *three* from the following

7. Java Ltd. and Lava Ltd. decided to amalgamate and form a new company Ava Ltd., with an authorised capital ₹5,00,000 divided into 50,000 equity shares of ₹10 each, to take over the two companies with effect from 1st April, 2019. The balance sheets of the two companies on that date were as follows:
Balance Sheet as at 31st March, 2019

Particulars	Note No.	Java Ltd.	Lava Ltd.
		₹	₹
A EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital			
20000 Equity Shares of ₹10 each, fully paid		2,00,000	--
10000 Equity Shares of ₹10 each, fully paid		--	1,00,000
(b) Reserves and surplus			
Capital Reserve		10,000	--
Statutory Reserve		20,000	15,000
General Reserve		28,000	20,000
Profit and Loss Account		22,000	15,000
		2,80,000	1,50,000
Current liabilities			
(a) Trade payables			
Creditors		19,000	9,500
Rent received in advance		1,000	500
		20,000	10,000
TOTAL		3,00,000	1,60,000
B ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets			
Plant and Machinery		1,00,000	50,000
Furniture and fixtures		60,000	39,000
(ii) Intangible assets			
Goodwill		38,000	12,000
Trade marks		17,000	--
		215,000	1,01,000
Current assets			
(a) Inventories		26,000	18,000
(b) Trade receivables			
Debtors		42,000	35,000
(c) Cash and cash equivalents			
Cheques and drafts on hand		17,000	6,000
		85,000	59,000
TOTAL		3,00,000	1,60,000

The purchase consideration for the respective companies is as follows:

- a. Java Ltd. is to be allotted with 25000 fully paid equity shares of ₹10 each.
- b. Lava Ltd. is to be allotted with 12000 fully paid equity shares of ₹10 each.

Draw up the opening balance sheet of Ava Ltd. assuming that the amalgamation of in the nature of purchase.

8. From the following balance sheets of Asha Ltd. and Lata Ltd. As on 31.3.2019 and additional information, draw up a consolidated balance sheet: 15

Balance Sheet as at 31st March, 2019

Particulars		Note No.	Asha Ltd.	Lata Ltd.
			₹	₹
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital			
	Equity Shares of ₹100 each, fully paid		1,00,000	50,000
	(b) Reserves and surplus			
	General Reserve		50,000	25,000
	Profit and Loss Account		25,000	12,500
			1,75,000	87,500
2	Share application money pending allotment		--	--
3	Non-current liabilities		--	--
4	Current liabilities			
	(a) Trade payables			
	Sundry Creditors		1,50,000	50,000
	Due to Lata Ltd		10,000	--
			1,60,000	50,000
	TOTAL		3,35,000	1,37,500
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets			
	Buildings		50,000	--
	Machinery		30,000	60,000
	Furniture		20,000	10,000
	(b) Non-current investments			
	Shares in Lata Ltd.		1,00,000	--
			2,00,000	70,000
2	Current assets			
	(a) Inventories		50,000	30,000
	(b) Trade receivables			
	Debtors		20,000	10,000
	Due from Asha Ltd.		--	10,000
	(c) Cash and cash equivalents			
	Cheques and drafts on hand		65,000	1,75,00
			1,35,000	6,75,00
	TOTAL		3,35,000	1,37,500

Asha Ltd. purchased 400 shares of ₹100 each in Lata Ltd. at ₹100000 on 1.4.18 when general reserve of Lata Ltd. stood at ₹20000 and profit and loss account at ₹10000(Cr.).

9. The following information relates to X Ltd. for the year ended 31st March, 2016: 15

Particulars	Amount ₹ in lacs	Particulars	Amount ₹ in lacs
Depreciation on Building	20	Sale for services	151
Interest expense	5	Sale for products	500.25
Employee benefits expense	212.50	Interest income from investments	8
Depreciation on plant and equipment	17.5	Net gain of sale of investments	2
Other expenses	25	Opening stock of materials	50
Changes in inventories	(68.75)	Purchase of materials	320
Tax rate is 35%		Closing stock of materials	120

Demonstrate the Statement of Profit and Loss of the company for the year ended 31st March, 2016 as per Schedule III of the Companies Act, 2013.

10. Identify the general instruction given by the Ministry of Corporate Affairs in regards to preparation of Balance Sheet and Statement of Profit and Loss of a company under Schedule III of Companies Act, 2013. 15
11. (a) Briefly explain the various types of banks. 7
- (b) Define NPAs. Express the circumstances when is an asset can be treated as NPA. Identify when identification of NPA is to be done. 8
