



## BRAINWARE UNIVERSITY

Term End Examination 2023-2024

Programme – B.Com.(BF)-Hons-2021/B.Com.(AFB)-Hons-2022

Course Name – Corporate Accounting

Course Code - BCMC401

( Semester IV )

Full Marks : 60

Time : 2:30 Hours

[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)

1 x 15=15

1. Choose the correct alternative from the following :

- (i) The installation of a \_\_\_\_\_ system will create confidence in the minds of public about the fairness of the prices charged.(Identify the correct answer)
- a) Costing  
b) Financial accounting  
c) Management accounting  
d) Information
- (ii) The need for reconciling cost and financial accounts arise\_(Choose the correct option)
- a) To comply with statutory obligations  
b) To ensure the reliability of cost accounts  
c) Notional charge  
d) None of these
- (iii) Choose out from the following which is not a characteristics of a company
- a) A company is a legal entity separate and distinct from its members  
b) a shareholder of a company in its individual capacity can bind the company  
c) The shareholders of the company can enter into a contract with the company  
d) A company must have a registered office
- (iv) \_\_\_ is not a characteristics of a public limited company.(Choose the correct option)
- a) its shares are freely Transferable  
b) its shares are freely Transferable  
c) in a public company there may be any number of members  
d) in a public company there may be any number of members
- (v) 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
- (vi) State how does a company modifies the constitution of its own
- a) Ordinary resolutions by BOD  
b) Special resolutions by members  
c) Special resolution for BOD  
d) None of them
- (vii) Identify which of following not comes under the purview of the company's own internal governance rules.
- a) Rules relating to dividends  
b) Penalties for breach by directors  
c) Transfer of shares  
d) None of them
- (viii) Identify which statement is true:
- a) There is no change in the amount of capital reserve before and after issue of bonus share of  
b) There is change in the amount of capital reserve before and after issue of bonus share of the

- the issue is made from out of pre-acquisition profit
- issue is made from out of post-acquisition profit.
- c) There is change in the amount of capital reserve before and after issue of bonus share of the issue is made from out of pre-acquisition profit d) None of them
- (ix) X Ltd. goes into liquidation and a new company Z Ltd. is formed to take over the business of X Ltd. It will be identified as –
- a) Absorption b) External Reconstruction  
c) Amalgamation d) All of the above
- (x) Accumulated profits include-(Select the correct answer)
- a) Provision for Doubtful debts b) Superannuation Funds  
c) Workmen's Compensation Fund d) All of the above
- (xi) Under Ind AS 2, fixed production overheads should be allocated to items of inventory on the basis of \_\_\_\_ production capacity.(Choose the correct option)
- a) abnormal b) actual  
c) estimated d) normal
- (xii) Total Number of IFRIC Interpretations which are notified as of date-(Choose the correct option)
- a) 23 b) 24  
c) 25 d) 26
- (xiii) Identify which of the following accounts can be transferred to capital redemption reserve account.
- a) general reserve account b) forfeited shares account  
c) securities premium account d) profit prior to incorporation
- (xiv) Salaries due to clerk is preferential for a period not exceeding:(Choose the correct option)
- a) Two months b) Three months  
c) Four months d) Nine months
- (xv) Debentures are shown in the company Balance Sheet under -
- a) Reserve and Surplus b) Non-current Liabilities  
c) Current Liabilities d) Short-term Borrowings

### Group-B

(Short Answer Type Questions)

3 x 5=15

2. Explain CRR. (3)
3. Define Weighted Average Profit method. (3)
4. Explain "capital reserve". (3)
5. Explain Earning Per Share (EPS). (3)
6. Summarize the role of SEBI in the issue of Bonus shares (3)

OR

A Ltd forfeited 300 equity shares of ₹ 10 each fully called-up, held by Mr X for non-payment of final call @ ₹ 4 each. However, he paid application money @ ₹ 2 per share and allotment money @ ₹ 4 per share. These shares were originally issued at par. Give Journal Entry for the forfeiture. (3)

### Group-C

(Long Answer Type Questions)

5 x 6=30

7. Define Amalgamation. (5)
8. Interpret the objectives of valuation of goodwill of a public limited company. (5)
9. Justify the role of working capital in a business. (5)
10. A limited company has been incorporated with an authorized capital of Rs. 50,00,000 divided into 5,00,000 shares of Rs.10 each. It offered 4,00,000 shares for subscription by the public and out of these, 3,50,000 shares were subscribed for. The directors called for an amount of Rs.8 per share and received the entire amount except a call for Rs.5 per share on 1,000 shares. Determine the number of different categories of 'share capital'. (5)

11. The net profit of the business after tax, for the past five years are: Rs.2,00,000; Rs. 2,12,500; Rs.2,30,000; Rs.2,62,500; and Rs.2,95,000. The capital employed in the business is Rs.20,00,000. The normal rate of return expected in this type of business is 10%. It is expected that the company will be able to maintain its super profit for the next 5 years. Calculate the value of goodwill on the basis of capitalisation of super profit method. (5)
12. B.Ltd issued 20,000 equity shares of Rs.10 each at a premium of Rs.2 per share payable as follows : (5)  
on application Rs. 5; on allotment Rs.5 (including premium); on final call Rs. 2. Applications were received for 24,000 shares. Letters of regret were issued to applicants for 4,000 shares and were allotted to all the other applicants. Mr.A, the holder of 150 shares, failed to pay the allotment money. On his subsequent failure to pay the call money, the shares were forfeited. Summarize the Journal Entries and prepare Cash Book in the books of B. Ltd.

**OR**

Explain Re-issue of Forfeited Shares with journal entries

(5)

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