



**ST. JOSEPH’S UNIVERSITY, BANGALORE-27**

**BBA – II SEMESTER**

**SEMESTER EXAMINATION: April 2023**

**(Examination Conducted in May 2023)**

**BA2321: Corporate Accounting**

**(For Current Batch Students Only)**

Time- 2 hrs Max Marks-60

**This paper contains \_\_\_\_\_ printed pages and four parts**

**Section A**

**I.** Answer ***any five*** of the following (**5x2 = 10 Marks)**

1. What is meant by internal reconstruction?
2. Give the meaning of purchase consideration
3. State the meaning of Human Resource Accounting.
4. State any four statutory reserves.
5. Mention the Formulae for calculating Capitalized Profits.
6. What is meant by Proposed Dividend?

**Section B**

**II.** Answer ***any four*** of the following (**4x5 = 20 Marks)**

1. The balance sheet of B company stood as follows on 31.12.2021

| **Equity and Liabilities** | **Rs.** |
| --- | --- |
| Share of Rs. 100 each | 19,00,000 |
| **Non-Current Liabilities** |  |
| Debentures | 1,00,000 |
| **Current Liabilities** |  |
| Creditors | 1,00,000 |
| **Total** | **21,00,000** |
| **Assets** |  |
| **Non-Current Assets** |  |
| Land and Building | 1,00,000 |
| Plant and machinery | 2,60,000 |
| Furniture | 20,000 |
| **Intangible Assets** |  |
| Goodwill | 2,00,000 |
| **Current Assets** |  |
| Stock | 3,70,000 |
| Debtors | 1,80,000 |
| **Misc** |  |
| P&L A/C | 9,70,000 |
| **Total** | **21,00,000** |

The company is reconstructed as follows:

* 1. Shares of Rs. 100 are to be reduced to an equal number of fully paid shares of Rs.40 each.
  2. To issue 1,000 new shares of Rs.40 each as fully paid to debentures in full settlement.
  3. The amount available is to be utilized in writing off the Goodwill and P&L A/c and Balance in writing off value of machinery.

Give the necessary Journal Entries.

1. Identify under which heading the following appears in the balance sheet.

* Subscribed and paid-up equity shares
* 14% preference share
* General reserve
* Sinking fund
* Calls in arrears
* 10-year term loan
* Bank overdraft
* Creditors
* Proposed dividend
* Provision for tax
* Dividend paid
* Debentures
* Outstanding expenses
* Land and building

1. AB Ltd Purchased XY Ltd whose Balance Sheet was as follows

| **Equity and Liabilities** | **Rs.** |
| --- | --- |
| 80,000 Equity Share of Rs. 10 each | 8,00,000 |
| **Other Equity** |  |
| Capital Reserve | 1,00,000 |
| P& L A/C | 2,00,000 |
| **Current Liabilities** |  |
| Creditors | 1,50,000 |
| Bills Payable | 1,25,000 |
| **Total** | **13,75,000** |
| **Assets** |  |
| **Non-Current Assets** |  |
| Land and Building | 5,00,000 |
| Furniture | 1,00,000 |
| Other Non-Current Asset – Preliminary Expenses | 20,000 |
| **Intangible Assets** |  |
| Goodwill | 1,00,000 |
| **Current Assets** |  |
| Stock | 3,30,000 |
| Debtors | 1,25,000 |
| Cash | 2,00,000 |
| **Total** | **13,75,000** |

It was agreed that Goodwill will be valued at Rs. 2,00,000 and Land and Building at Rs. 6,00,000. Other Assets are worth their book values. AB Ltd does not take over Cash, Calculate the Purchase Consideration

1. What is Social Responsibility Accounting? State the need for Social Responsibility Accounting in detail in the Contemporary Accounting Era.
2. Sailee Ltd has the following:

20,000 Equity shares of Rs. 10 each

5%, 1,000 Preference Shares of Rs. 100 each.

Rs. 1,00,000 Debentures.

During the year 2020-21 the company earned a profit of Rs. 1,50,000.

The normal rate of return is 20%.

Assume tax rate of 30%.

Calculate value per share under Yield method.

**Section C**

**III.** Answer ***any two*** of the following (**2x10 = 20 Marks)**

1. The Balance Sheet of A Ltd on 31st March 2015 was as follows

| **Equity and Liabilities** | **Amount** |
| --- | --- |
| 8,000 Equity Shares of Rs. 50 each | 4,00,000 |
| **Other Equities** |  |
| General Reserve | 50,000 |
| Workmen’s accident Compensation Fund | 22,000 |
| **Non- Current Liabilities** |  |
| 1000, 5% Mortgage debentures of Rs 50 | 50,000 |
| **Current Liabilities** |  |
| Creditors | 40,000 |
| Bank Overdraft | 10,000 |
| Staff Provident Fund | 40,000 |
| Provision for Tax | 8,000 |
| **Total** | **6,20,000** |
| **Assets** | **Amount** |
| **Non-Current Assets** |  |
| Land and Building | 2,30,000 |
| Plant and Machinery | 1,80,000 |
| Furniture | 20,000 |
| **Current Assets** |  |
| Stock | 90,000 |
| Debtors | 95,000 |
| Cash | 2,000 |
| **Misc** |  |
| Discount on issue of Shares | 3,000 |
| **Total** | **6,20,000** |

The Balance Sheet of A Ltd on 31st March 2021 was as follows

The business of the company is taken over by B Ltd on that date

1. A payment in cash at Rs 10 for every share in A Ltd

2. An exchange of 5 shares in Ltd of the market value of Rs per share for every 2 shares in A Ltd

Show the Realisation account, Cash Account, and the Equity Shareholders Account in the books of A Ltd the expenses of liquidation amounted to Rs. 5000 were borne by A Ltd under business purchase method.

1. Balance sheet of ABC Limited as at 31.3.2018 was as follows:

| **Equity and Liabilities** | **Amount** |
| --- | --- |
| 4,000 Equity Shares of Rs. 100 each | 4,00,000 |
| **Other Equities** |  |
| 2,000 Preference shares of Rs.100 each | 2,00,000 |
| **Non- Current Liabilities** |  |
| 5% Mortgage debentures | 1,00,000 |
| **Current Liabilities** |  |
| Creditors | 1,00,000 |
| Bank Overdraft | 50,000 |
| **Total** | **8,50,000** |
| **Assets** | **Amount** |
| **Non-Current Assets** |  |
| Freehold Premises | 2,00,000 |
| Plant | 3,00,000 |
| **Intangible Assets** |  |
| Goodwill | 15,000 |
| **Current Assets** |  |
| Stock | 50,000 |
| Debtors | 40,000 |
| **Misc** |  |
| Profit and Loss A/c | 2,45,000 |
| **Total** | **8,50,000** |

The following scheme was approved by the court for reconstruction of the company

1. Preference shares are to be reduced to Rs. 75 per share and equity share to Rs. 37.50 per share.
2. Debenture holders agreed to take over stock and book debts in full satisfaction of the amount due to them.
3. Goodwill is to be eliminated.
4. Freehold premises is to be depreciated by 50% and
5. Plant is to be appreciated by Rs. 50,000.

Journalize and prepare revised balance sheet.

1. Following is the balance sheet of Deeksha limited as at 31 st March, 2020: Balance Sheet as at 31.03.2020

| **Equity and Liabilities** | **Amount** |
| --- | --- |
| 30,000 Equity Shares of Rs. 10 each | 3,00,000 |
| **Other Equities** |  |
| 10,000 5% Preference shares of Rs.10 each | 1,00,000 |
| Reserve Fund | 1,00,000 |
| P&L A/C | 35,000 |
| **Non- Current Liabilities** |  |
| 6% Mortgage debentures | 1,00,000 |
| **Current Liabilities** |  |
| Creditors | 90,000 |
| Provision for Tax | 30,000 |
| Proposed Dividend | 10,000 |
| **Total** | **7,65,000** |
| **Assets** | **Amount** |
| **Non-Current Assets** |  |
| Land | 2,00,000 |
| Building | 2,80,000 |
| Furniture | 45,000 |
| Other Non-Current Asset-Preliminary expenses | 60,000 |
| **Current Assets** |  |
| Stock | 60,000 |
| Debtors | 1,00,000 |
| **Misc** |  |
| Discount on Issue of Shares | 20,000 |
| **Total** | **7,65,000** |

For the purpose of valuation of shares fixed assets were valued as follows Land Rs. 2,40,000, Buildings – Rs3,00,000. furniture - Rs. 40,000 and goodwill at Rs. 1,00,000 .

It was found that the stock was Undervalued by Rs. 5,000. Preference share holders have the preferential rights over Capital.

The net profits after taxation for the past three years were Rs. 80,000, Rs. 1,04,000 and Rs. 90,000 respectively. Out of the profit 20% was placed to reserves and the normal rate of return is 10%. Compute the value of Equity share by

* 1. Net asset method and
  2. Yield value method.

**Section D**

**III. Answer the following (1x10=10 Marks)**

1. Prepare Statement of Profit and loss and Statement of Changes in Equity for H&M Company Ltd., from the following trial balance as on 31st march 2019.

| **Particulars** | **Debit Balance** | **Credit Balance** |
| --- | --- | --- |
| Calls in Arrears  Premises  Machinery  Furniture  Purchases  Wages  Salaries  Interim Dividend  Goodwill  Debtors  Bills Receivable  Bad Debts  Debenture Interest ( upto 30/09/2018)  Stock on 01/04/2018  Share Capital  Sales  Reserve fund  Profit & Loss account  Creditors  10 % Debentures  Bills Payable  Reserve for doubtful debts (1/04/2018) | 10,000  15,00,000  3,00,000  1,00,000  13,60,000  2,50,000  1,20,000  40,000  4,00,000  1,20,000  76,000  4,000  40,000  82,000 | 10,00,000  20,00,000  3,60,000  70,000  1,50,000  8,00,000  20,000  2,000 |
| **Total** | **44,02,000** | **44,02,000** |

Adjustments:

i) The directors proposed a final dividend at 15%.

ii) The debenture interest is unpaid for 6 months.

iii) The stock on 31/03/2019 was valued at Rs.80,000.

iv) Depreciate machinery and furniture by 10%.

v) Maintain reserve for doubtful debts at 5% on debtors.