Register Number:

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

**BBA – II SEMESTER**

**SEMESTER EXAMINATION: April 2024**

**(Examination Conducted in May-June 2024)**

**BA2323: Corporate Accounting**

**(For Current Batch Students Only)**

Time- 2 hours Max Marks-60

**This paper contains \_\_5\_\_\_printed pages and four parts**

**Section A**

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

1. Name the financial statements required by companies under companies Act.
2. State any four methods of internal reconstruction.
3. Give the objectives HRA.
4. Mention any two Statutory Reserves.
5. What is the meaning of absorption?
6. State the meaning of environmental accounting.

**Section B**

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

1. What are the assumptions of human resource accounting?
2. The extract of Balance Sheet of Sun Ltd. is as follows

|  |  |
| --- | --- |
| **EQUITY AND LIABILITIES** | **Amt** |
| 10,000 Equity shares of Rs. 10 each fully paid | 1,00,000 |
| 10,000, 7% Preference shares of Rs. 10 each fully paid up | 1,00,000 |
| Profit and Loss (Negative Balance) | (45,000) |
| **Total** | **1,55,000** |
| **ASSETS** | **Amt** |
| Non-Current Assets | 90,000 |
| Goodwill | 10,000 |
| Stock-in-Trade | 25,000 |
| Debtors | 30,000 |
| **Total** | **1,55,000** |

It was resolved that equity capital of Rs. 10 each be reduced to fully paid shares of Rs. 6 each and 7% of preference shares of Rs. 10 each be reduced to 9% fully paid preference shares of Rs. 7 each. Number of shares of each case remained the same.

It was further resolved that amount so available be used for writing off the debit balance of profit and loss account, goodwill account and the balance, if any be used for writing off Non-Current assets. Pass necessary journal entries.

1. The extract of Balance Sheet of Moon Ltd. is as follows

|  |  |
| --- | --- |
| **Equity and Liabilities** | **S Ltd (Rs.)** |
| Share of Rs. 10 each | 40,000 |
| **Other Equities** |  |
| P&L A/C | 2,000 |
| General Reserve | 9,000 |
| **Non-Current Liabilities** |  |
| 5% Debentures | 10,000 |
| **Current Liabilities** | 13,000 |
| **Total** | **74,000** |
| **Assets** |  |
| Non-Current Assets | 50,000 |
| **Goodwill** | 4,000 |
| **Current Assets** | 20,000 |
| **Total** | **74,000** |

On 31/2/23 the non-current assets were valued at Rs. 35,000 and goodwill is valued at Rs.5,000. Calculate the intrinsic value of the share.

1. Seetha Ltd., agrees to purchase the business of Ravi Ltd on the following terms.
2. For each of the 10,000 shares of Rs. 10 each in Ravi Ltd. 2 shares in Seetha Ltd. of Rs. 10 each will be issued at an agreed value of Rs. 12 per share.
3. In addition, Rs. 4 per share cash also will be paid.
4. 8% Debentures worth Rs. 80,000 will be issued to settle the Rs. 60,000 9% debentures in Ravi Ltd.
5. Rs. 10,000 will be paid towards expenses of winding up.

What is the purchase consideration?

1. The extract of Balance Sheet of K Ltd. is as follows

|  |  |
| --- | --- |
| **Equity and Liabilities** | **S Ltd (Rs.)** |
| 2,000 Share of Rs. 10 each | 20,000 |
| **Other Equities** |  |
| P&L A/C | 7,000 |
| **Non-Current Liabilities** |  |
| 5% Debentures | 10,000 |
| **Current Liabilities-Creditors** | 3,000 |
| **Total** | **40,000** |
| **Assets** |  |
| **Non-Current Assets** | 16,500 |
| **Goodwill** | 4,000 |
| **Current Assets** | 19,500 |
| **Total** | **40,000** |

R Limited agreed to take over the assets of K. Ltd. (**exclusive** of non-current asset of Rs. 4,000 and cash Rs. 1,000 in current assets) at 10% more than the book

values. It agreed to take over creditors also.

The purchase price was to be discharged by the issue of 2,000 shares of Rs. 10 each at the market value of Rs. 15 each and the balance in cash. Liquidation expenses came to Rs. 400. What is the purchase consideration and how is it discharged?

**Section C**

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

1. The following is the balance sheet of A Ltd. and B Ltd. as on 31st March, 2021

|  |  |  |
| --- | --- | --- |
| **Equity and Liabilities** | **S Ltd (Rs.)** | **P Ltd (Rs.)** |
| Share of Rs. 1 each | 6,00,000 | 4,00,000 |
| **Other Equities** |  |  |
| P&L A/C | 80,000 | 32,000 |
| General Reserve | 1,80,000 | 80,000 |
| **Non-Current Liabilities** |  |  |
| 5% Debentures | 1,50,000 |  |
| **Current Liabilities** |  |  |
| Creditors | 6,60,000 | 5,76,000 |
| **Total** | **16,70,000** | **10,88,000** |
| **Assets** |  |  |
| Land | 5,00,000 | 3,50,000 |
| **Goodwill** | 40,000 | 30,000 |
| **Current Assets** |  |  |
| Debtors | 1,20,000 | 1,16,000 |
| Stock | 4,80,000 | 2,90,000 |
| Bills Receivable | 3,10,000 | 1,96,000 |
| Cash | 2,20,000 | 1,06,000 |
| **Total** | **16,70,000** | **10,88,000** |

A Ltd. and B Ltd. agreed to amalgamate and to form C Ltd. on the following consideration:

(i) A Ltd: The allotment of 6,00,000 shares of Rs. 1 each and payment of Rs. 1,60,000 in cash.

(ii) B Ltd: The allotment of Rs. 3, 00,000 shares fully paid shares of Rs. 1 each and

payment of Rs. 40,000 in cash.

You are required to pass journal entries and prepare the new balance sheet in the books of C Ltd.

1. The following particulars are available in respect of Goodluck Limited:

(a) 450, 6% preference shares of Rs.100 each fully paid and 4,500 equity shares of Rs. 10 each fully paid.

(b) Debentures is Rs.7,500.

(c) Reserves and Surplus Rs.3,500

(d) The average expected profit (after taxation) earned by the company Rs. 8,500.

(e) The normal profit earned on the market value of equity shares of the same type of companies is 9%.

(f) 10% of the profit after tax is transferred to reserves.

(g)Land and Building Rs.55,000.

(h)Debtors Rs.46,000

(i) Creditors are Rs.350

Calculate the Fair Value of share of the company

1. The Balance sheet of N Ltd as on 31.3.2020 is as under:

|  |  |
| --- | --- |
| **Equity and Liabilities** | **Amount** |
| 4000 equity shares of Rs. 100 each | 4,00,000 |
| 2000, 6% preference shares of Rs. 100 each | 2,00,000 |
| Profit & Loss (Loss) | (-2,20,000) |
| 5% debentures | 1,00,000 |
| Bank Loan | 50,000 |
| Creditors | 1,00,000 |
| **Total** | **6,30,000** |
| **Assets** |  |
| Buildings | 3,00,000 |
| Plant & Machinery | 2,00,000 |
| Goodwill | 20,000 |
| Stock | 50,000 |
| Debtors | 40,000 |
| Cash at Bank | 20,000 |
| **Total** | **6,30,000** |

The company adopted the following scheme of reconstruction:

1. The intangible assets are to be eliminated.

2. Expenses for reconstruction amounted to Rs. 2,000.

3. The Machinery is to be depreciated by 50%.

4. The value of Building is to be increased by Rs. 50,000.

5. The Debenture holders took over the Stock and the Debtors in full satisfaction of their claims.

6. The Preference shares to be reduced to Rs. 75 per share fully paid up & Equity shares to Rs. 40.

Pass the necessary journal entries and prepare a reconstructed balance sheet.

**Section D**

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

1. Prepare Statement of Profit and loss and Statement of changes in equity for AB Company Ltd., from the following trial balance as on 31st march 2023.

|  |  |  |
| --- | --- | --- |
| **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 30/09/2022)  Stock on 01/04/2022  Share Capital  Sales  Reserve fund  Profit & Loss account  Creditors  10 % Debentures  Bills Payable  Reserve for doubtful debts (1/04/2022) | 20,000  30,00,000  6,00,000  2,00,000  27,20,000  5,00,000  2,40,000  80,000  8,00,000  2,40,000  1,52,000  8,000  80,000  1,64,000 | 20,00,000  40,00,000  7,20,000  1,40,000  3,00,000  16,00,000  40,000  4,000 |
| **Total** | **88,04,000** | **88,04,000** |

Adjustments:

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

ii) The debenture interest is unpaid for 6 months.

iii) The stock on 31/03/2023 was valued at Rs.1,60,000.

iv) Depreciate machinery and furniture by 10%.

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