



**UNIVERSITY OF NORTH BENGAL**  
B.Com. Programme 3rd Semester Examination, 2020

**DSC6-COMMERCE**  
**CORPORATE ACCOUNTING**

Full Marks: 60

**ASSIGNMENT**

*The figures in the margin indicate full marks.*

**All the assignments are compulsory**

15×4 = 60

1. ABC Ltd. invited applications for 15,000 shares of Rs. 100 each, issued at Rs. 120 payable as follows: 15

- On application, on 1st July, Rs. 50 per share
- On allotment, on 31st July, Rs. 40 per share (including premium)
- On 1st call, on 31st August, Rs. 15 per share
- On 2nd and Final Call, on 30th September, Rs. 15 per share

Applications were received for 18,000 shares and it was decided to deal as per the directives of stock exchange, which is as follows:

- (a) To give full allotment to applicants for 2,500 shares
- (b) To refuse allotment to applicants of 500 shares
- (c) To allot the remaining shares on pro-rata basis among other applicants
- (d) To utilize the surplus received on application in part payment of amount due on allotment and calls.

All amounts were duly received except an applicant, Mr. Z to whom 40 shares were allotted, failed to pay the amount due on 2nd and Final Call. His shares were forfeited on 30th November. These shares were re-issued on 10th December as fully paid @ Rs. 90 per share.

Give Journal Entries including those relating to cash/bank to record the above transactions.

2. The following are the balances extracted from the books of Beta Ltd. as on 31st March 2020: 15

	<b>Amount (Rs.)</b>
Wages	80,865
Calls in arrear	7,500
Premises	3,30,000
Plant and Machinery	3,00,000
Stock, 1st April, 2019	75,000
Interim dividend paid on 1st October, 2019	37,500
Fixtures	17,200
Sundry Debtors	7,000
Goodwill	35,000
Cash in Hand	750
Cash at Bank	29,900

Purchases	1,85,000
Preliminary Expenses	5,000
General Expenses	14,835
Freight and Carriage	15,115
Director's Fee	5,835
Bad Debt	2,000
Salaries	18,500
Debenture Interest paid	9,000
Subscribed and Fully Paid-up Capital	4,00,000
6% Debentures	3,00,000
Profit and Loss Account (Credit Balance)	14,500
Bills Payable	48,000
Sundry Creditors	40,000
Sales	4,15,000
General Reserve	25,000
Bad Debt Reserve 1st April 2019	3,500

The company was registered with a nominal capital of Rs. 6,00,000 Equity Shares of Rs. 10 each. You are required to prepare the Profit and Loss Account (Income Statement) and Balance Sheet after making the following adjustments:

- (i) Depreciate Plant and Machinery by 15%
- (ii) Write off Rs. 1,000 from Preliminary Expenses
- (iii) Reserve for Bad and Doubtful Debt are 6% on Sundry Debtors
- (iv) Provide half year's Debentures Interest due
- (v) Salaries outstanding Rs 5,000
- (vi) Prepaid Wages Rs. 2,200
- (vii) Stock on 31st March, 2020 was Rs. 95,000.

3. On 31st March, 2020 the Balance sheet of REC Ltd. and its subsidiary PC Ltd. stood as follows:

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Particulars	Note No.	Amounts as on 31st March, 2020	
		REC Ltd.(₹)	PC Ltd. (₹)
<b>I. Equity and Liabilities</b>			
Shareholders' Funds			
Equity share Capital		10,00,000	2,00,000
Reserve and Surplus	1	10,00,000	80,000
Current Liabilities			
Sundry Creditors		2,00,000	20,000
<b>Total</b>		<b>22,00,000</b>	<b>3,00,000</b>
<b>II. Assets</b>			
Non-Current Assets			
Fixed assets			
Tangible assets		12,00,000	2,10,000
Non-Current Investments	2	2,00,000	—
Current assets			
Inventories		5,00,000	60,000
Other current assets		3,00,000	30,000
<b>Total</b>		<b>22,00,000</b>	<b>3,00,000</b>

Notes:	REC Ltd.(₹)	PC Ltd. (₹)
1. Reserve and Surplus		
General Reserve	4,00,000	50,000
Surplus i.e. Credit balance of Profit and Loss A/c	6,00,000	30,000
	<b>10,00,000</b>	<b>80,000</b>
2. Non-current Investments		
80% Equity Shares in PC Ltd. at cost	2,00,000	—

Prepare a consolidated balance sheet as at 31st March, 2020 after taking into consideration the following information:

- REC Ltd. acquired the shares on 1st July, 2019
- On the date of acquisition, Profit and Loss A/c and General Reserve balance were ₹5,000 and ₹40,000 respectively.
- On 30th November 2019, REC Ltd. sold to PC Ltd. goods costing ₹1,00,000 for ₹1,25,000. 40% of these goods remained unsold with PC Ltd on 31st March, 2020.

4. The following are the Balance sheets as on 31st March, 2020 of Alpha Ltd. and Beta Ltd.

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**Balance Sheets of Alpha Ltd. & Beta Ltd. as on 31st March, 2020**

Particulars	Notes	Alpha Ltd. (₹)	Beta Ltd. (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds:</b>			
(a) Shares Capital-Equity shares of Rs. 100 each fully paid		1,00,000	60,000
(b) Reserves and Surplus:			
General Reserve		34,000	-
Dividend Equalisation Reserve		4,000	-
Profit and Loss Account		2,000	-
<b>(2) Shares application Money Pending Allotment</b>			
<b>(3) Non-current Liabilities:</b>			
(a) Long-term borrowings:			
6% Debentures of Rs. 100 each		20,000	
<b>(4) Current Liabilities:</b>			
(a) Short-term Borrowings		-	-
(b) Trade payables- Trade creditors		10,000	8,000
(c) Other current liabilities- Employee P.F.		3,000	-
<b>TOTAL</b>		<b>1,73,000</b>	<b>68,000</b>

	Notes	Alpha Ltd. (₹)	Beta Ltd. (₹)
<b>II. Assets</b>			
<b>(1) Non-Current Assets:</b>			
(a) Fixed Assets			
(i) Tangible Assets- Land and Building		30,000	
(ii) Plant and Machinery		1,10,000	50,000
<b>(2) Current Assets:</b>			
(a) Current Investments		-	-
(b) Inventories		16,000	8,000
(c) Trade Receivables		14,000	9,000
(d) Cash and Cash Equivalents- Cash		3,000	1,000
<b>TOTAL</b>		<b>1,73,000</b>	<b>68,000</b>

In April, 2020, the two companies agree to amalgamate and form a new company called Gama Ltd, which takes the assets and liabilities of both the companies. The authorized Capital of Gama Ltd. is Rs. 10,00,000 consisting of 1,00,000 equity shares of Rs. 10 each.

The Purchase consideration is agreed at Rs. 1,20,000 and Rs. 60,000 for Alpha Ltd. & Beta Ltd. respectively. The entire purchase consideration is to be paid by Gama Ltd. in its fully paid up shares. In return for debentures in Alpha Ltd., debentures of the same amount and denomination are to be issued by Gama Ltd. Give Journal Entries to close the books of Alpha Ltd & Beta Ltd and show the opening entries in the books of Gama Ltd.

Also prepare the opening Balance Sheet of Gama Ltd.

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