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Total No. of Printed Pages: 2

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BBA (Semester – 2nd)
CORPORATE ACCOUNTING
Subject Code: BBAD1207
Paper ID: [150110]

Time: 03 Hours

Maximum Marks: 60

Instruction for candidates:

1. Section A is compulsory. It consists of 10 parts of two marks each.
2. Section B consist of 5 questions of 5 marks each. The student has to attempt any 4 questions out of it.
3. Section C consist of 3 questions of 10 marks each. The student has to attempt any 2 questions.

Section – A

(2 marks each)

Q1. Attempt the following:

- a What do you understand by ESOP?
- b Can a company issue shares at discount now a days?
- c What percentage of shares can be bought back by a company?
- d Distinguish between provision and reserve.
- e How is minority interest computed?
- f How do you purpose to compute intrinsic value of shares?
- g Explain two benefits of computerized accounting?
- h What do understand by merchant banker?
- i Explain the term “Asset Management Companies”.
- j Can a company declare dividend out of profit prior to incorporation?

Section – B

(5 marks each)

Q2. A company offers to its shareholders the right to buy 2 shares at Rs. 130 each for every 5 shares of Rs. 100 each held in the company. The market price of the shares is Rs. 200 each. Calculate the value of the right. What journal entries shall be passed by the company if a shareholder exercises the right?

Q3. Following figures have been extracted from the books of MRS Ltd. As on 31-3-2024:

Authorized Capital:

5000,000 Equity shares of Rs. 10 Each-----Rs. 5, 00, 00,000

Issued And Subscribed Capital:

5000,000 Equity shares of Rs. 10 Each-----Rs. 5, 00, 00,000

Reserves & surplus:

General Reserve -----Rs. 80, 00,000

Surplus account-----Rs. 20, 00,000

Capital Reserve -----Rs.30, 00,000

Securities Premium-----Rs. 15, 00,000

Other Balances:

14% Debentures-----Rs. 50, 00,000

Cash and Bank Balance-----Rs. 1, 00, 00,000

The company decided to buy back 25% of the paid equity Share capital at face value. It was also decided to issue further 14% Debentures of Rs. 50,00,000 at par for the purpose of buy back.

Pass necessary Journal entries. Working notes should be clearly given.

Q4. Following is the balance sheet of Bhatinda Ltd. as on March 31, 2024:

Liabilities	Amount (Rs.)	Assets	Amount(Rs.)
Equity Share Capital 30,000 shares of Rs. 10 Each	3,00,000	Goodwill	60,000
30,000, 8% Preference Shares of Rs. 10 Each	3,00,000	Other Fixed Assets	3,00,000
Sundry Creditors	60,000	Stock	75,000
		Debtors	90,000
		Profit/Loss Account	1,35,000
	6,60,000		6,60,000

It was resolved that the equity shares of Rs. 10 each can be reduced to shares of Rs. 6 each and 8% preference shares of Rs. 10 each be reduced to 8% preference shares of Rs. 7 each. The number shares in each case was to remain same. It was resolved that amount so available be used for writing off the debit balance of Profit/ loss account, Goodwill Account and to write down the other fixed assets as far as possible.

Pass necessary journal entries in the books of the company and prepare the balance sheet as revised after the above entries.

- Q5. What do you understand by the term “Distributable Profits”. Explain the relevant provisions regarding distribution of profits.
- Q6. Explain in brief the different methods of valuation of shares.

Section – C

(10 marks each)

- Q7. A public Ltd. company incorporated on August 1, 2023, received the certificate of commencement of business on August 31, 2023. It had acquired a running business from M/ S Gupta & Co. with effect from April 1, 2023. The purchase consideration was Rs. 5, 00,000 of which Rs. 1, 00,000 was to be paid in cash and Rs. 4, 00,000 in the form fully paid shares. The company also issued shares Rs. 4, 00,000 for cash. Machinery costing Rs. 2,50,000 was then installed. Assets acquired from the vendor were: Machinery Rs. 3,00,000; Stock Rs. 60,000; Patents Rs. 40,000. During the year 2023-24, the total sales were Rs. 18, 00,000; the sales per month in the first half of the year were one-half of what they were in the latter half. The net profit of the company after charging the following expenses was Rs. 1,00,000. The expenses were: Depreciation Rs. 54,000; Audit fee Rs. 7,500; Directors’ Fee Rs. 25,000; Preliminary Expenses Rs. 6,000; Office expenses RS. 39,000; Selling Expenses Rs. 36,000; Interest to vendors up to August 31, 2023 Rs.2, 500. Ascertain the pre-incorporation and post-incorporation amount of profit and prepare the balance sheet of the company as on March 31, 2024. Closing stock was valued RS. 70,000.
- Q8. What is meant by financial reporting? What are the common contents of annual reports of different types of organizations.
- Q9. What do you understand by consolidation of accounts? Explain the different principles regarding consolidation of balance sheet.