# THE BHAWANIPUR EDUCATION SOCIETY COLLEGE

A MINORITY RUN COLLEGE. AFFILIATED TO UNIVERSITY OF CALCUTTA
RECOGNISED UNDER SECTION 2(F) & 12 (B) OF THE UGC ACT, 1956

## Department of Commerce

### B.COM Semester-V (Under NEP-CCF SYS., 2022) (3 YEAR)

### WITH E-BUSINESS SPECIALISATION

### Instructions for Preparation of Assignment

- Word Limit: 500–600 words
- Paper to be used: Blank A4 Sheets
- Staple all the assignments together & make a Index page in the beginning.
- Answer **any one of the following cases** in every subject

## SUB: CORPORATE ACCOUNTING

**Case Scenario 1: Valuation of Goodwill of the business of Mr. Basak to be taken over by Mr. Paul**

Mr. Paul, presently an employee of Prescon India Pvt. Ltd., is drawing a salary of Rs. 5,000 per month. He decides to start his own business w.e.f. 01.01.2026 by purchasing the existing business of Mr. Basak. Profits earned by Mr. Basak for the preceding four financial years, ending on the 31$^{st}$ of March each year, were as follows:

2021-22: Rs. 1,50,500

2022-23: Rs. 1,50,000

2023-24: Loss of Rs. 40,000

2024-25: Rs. 2,00,140

The profits for the current financial year 2025-2026, till November 2025 amounted to Rs. 1,60,000.

The following information is also available for the last four financial years:

1. Profits for 2021-22 include a non-recurring item of Rs. 10,500
2. In 2022-23 the business suffered a loss of Rs. 20,000 due to theft in the godown.

Mr. Paul has decided that in future he will insure the business for a premium of Rs. 200 per month.

3. There was a major labour strike in the factory from May 2023 to February 2024, as a result of which the business remained closed.
4. On 1st September 2024, a major repairing work was undertaken for a machine incurring an expenditure of Rs. 6,000 which is expected to increase the estimated life of the machine by at least 2 years. The amount was charged to revenue. The said amount is agreed to be capitalized for goodwill calculation, subject to adjustment for depreciation
@ 10% per annum under reducing balance method.
5. The closing stock for the year 2024-25 was overvalued by Rs. 9,540.
6. Mr. Basak has, at present employed a manager for his business who is getting a salary of Rs. 3,000 per month. Mr. Paul intends to discontinue the service of the manager and look after the business on his own, for which he will have to quit his present job.
7. Mr. Paul intends to value the goodwill of the business under Average Profit Method.

Tasks:

1. Assist Mr. Paul to value the goodwill of the business of Mr. Basak under Maintainable Average Future Profit Method (Average Profit Method).
2. Clarify the following points to Mr. Paul as he does not have sufficient accounting knowledge:
   (a) The significance of the words '*maintainable*' and '*future*' in the context of the Average Profit Method.
   (b) Whether Simple Average profit or Weighted Average Profit is to be considered for goodwill valuation.
   (c) Why is it necessary to capitalize a repairing cost earlier charged to revenue?
   (d) The relevance of *opportunity cost* in the context of the decision of Mr. Paul to quit his present job.
   (e) Which of the financial years are to be considered for "*number of years' purchase*" for the valuation of goodwill?
   *(f)* Why is it preferable to discard the idea to value goodwill under *Average Profit Method* and to consider the *Super Profit Method?*

**OR**

**Case Scenario 2A: Issue, forfeiture and Reissue of forfeited shares of Mainland India Ltd.**

Mainland India Ltd. was formed with an authorized capital of Rs. 10,00,000 divided into 10,000 equity shares of Rs. 100 each. After issuing 100 shares to promoters and 900 shares to the vendor for acquisition of machinery, it has offered the balance shares to the public for subscription, payable as follows:

| | |
|---|---|
| On application | Rs. 40 |
| On allotment | Rs. 40 (including premium) |
| On first call | Rs. 30 |
| On final call | Rs. 10 |

The issue was fully subscribed and full allotment was made to all the applications. Arrears of instalments were as follows:

On allotment: 250 shares; On first call: 750 (including those on which allotment money were due); On final call: 2,000 (including those on which allotment and 1st call money were due).

The company decided to forfeit the shares on which less than Rs. 90 per share had been paid on account of share capital. Out of the forfeited shares, shares on which only application money was received were reissued at Rs. 90 per share fully paid-up.

The accountant of Mainland China Ltd. has calculated an amount of Rs. 7,500 as profit on forfeiture and reissue of shares and proposes to transfer it to General Reserve.

Task:

1. Justify with adequate workings and necessary journal entries, whether the amount calculated by the accountant is correct or not.
2. Make the accountant understand why the said profit should be transferred to Capital Reserve Account instead of the General Reserve.

**Case Scenario 2B: Excess application received, categorical allotment of shares, forfeiture and reissue of forfeited shares of Google Ltd.**

The directors of Google Ltd invited applications for 2,00,000 equity shares of Rs 20 lakhs to be issued at 20% premium. The instalments payable on each share are as follows:

On application Rs 5, on allotment Rs 4 (including premium of Rs 2)

On first call Rs 2 and on final call Re 1.

Applications are received for 2,40,000 shares and allotment was made as follows:

(a) To applicants for 1,00,000 shares in full
(b) To applicants for 80,000 shares – 60,000 shares
(c) To applicants for 60,000 shares – 40,000 shares

An applicant for 1,000 shares falling in category (a) and holders of 900 shares falling in category (b) failed to pay allotment money.

These shares were forfeited on failure to pay allotment money.

An applicant for 1,800 shares falling in category (c) failed to pay both the calls and these shares were forfeited after final call.

1500 shares [1100 of category (a) and 500 of category (b)] were reissued at Rs 11 per share as fully paid-up.

**Task:**

You are required to calculate for the accountant of Google Ltd.:

1. The amount of Excess Application Money to be adjusted.

2. Money received and Calls-in -Arrear in Allotment.

3. Amount credited to Calls-in-Arrear Account during First Forfeiture.

4. Amount to be credited to Forfeited Shares Account during First Forfeiture.

5. Amount of Arrear and Forfeiture of the applicant for 1,800 shares in category C.

6. Amount to be transferred to Capital Reserve.

## SUB: BUSINESS MATHEMATICS AND STATISTICS

### I. School Canteen Sales:

The school canteen sells three items: sandwich, burger and fruit juice during the short break and the lunch break on a particular day. The number of items sold is given below:

Short break: 40 sandwiches, 25 burgers, 30 fruit juices

Lunch break: 55 sandwiches, 35 burgers, 45 fruit juices

The prices (in ₹) of each item are:

Sandwich: ₹30, Burger: ₹50, Fruit juice: ₹25

Using this information, answer the following:

1. Represent the number of items sold during the two breaks in the form of a [$2 \times 3$] matrix [A], where rows correspond to breaks and columns correspond to items.
2. Represent the prices of the three items in the form of a [$3 \times 1$] column matrix [B].
3. Find the matrix product [AB] and interpret the entries of the resulting matrix in the context of the total revenue in each break.
4. If, on the next day, the canteen increases the price of each item by ₹5 but the number of items sold in each break remains the same, write the new price matrix [B'] and compute [AB']. Compare the total revenue in each break on the two days.

### II. Employee monthly incomes

The monthly incomes (in ₹ thousand) of 60 employees of a company are given in the following grouped frequency distribution:

| **Income (₹ '000)** | **10–20** | **20–30** | **30–40** | **40–50** | **50–60** |
|---|---|---|---|---|---|
| Number of employees | 8 | 15 | 20 | 10 | 7 |

Using this data, answer the following questions.

1. Compute the arithmetic mean monthly income of the employees using the step-deviation method.
2. Find the median income of the employees.
3. Determine the modal class and calculate the modal income using the formula for grouped data.
4. Which measure (mean, median or mode) is most suitable to represent the "typical" income in this distribution? Give one reason.
5. If management decides that all employees earning below the median income will be given a special allowance, how many employees will receive this benefit? Explain your answer.

# SUB: COMPANY LAW

**Assignment Number 1**

**Statement-**

"A company has a separate legal personality from its shareholders. This is known as the Doctrine of Corporate Veil."

A. Discuss the abovementioned statement in the light of Solomon v. Salomon & Co. Ltd. (1897) case.
B. State the circumstances when the ‘corporate veil’ can be lifted by the Court citing some notable decisions.

**Assignment Number 2**

**Statement-**

“The welfare of the company depends upon the directors, and how they carryout their duties and responsibilities. They are the brain of the company.”

A. Define the term Director.
B. Discuss about the role and liabilities of the directors of a company in the light of the above mentioned statement citing few important decisions.

# SUB: ACCOUNTING THEORY

**Case Study 1**

A company, "Fresh Produce Inc.", purchased a delivery truck on **January 1, 2024**, for a total cost of **Rs. 20,000**. The company prepares financial statements annually on December 31.

- **Initial Transaction**:
    - On Jan 1, 2024, the company recorded the truck on its balance sheet at its purchase price of **Rs. 20,000**. This follows the **historical cost principle**, which requires assets to be recorded at their original cost.
- **Year-End Valuation (December 31, 2024)**:

- The company's accountant needs to report the truck's value for the annual financial statements.
- **Historical Cost Method**: The truck's value remains at its original cost of **Rs. 20,000** (minus any depreciation, which for simplicity we will ignore for this basic example).
- **Fair Value Method**: The accountant researches current market conditions for similar used trucks. They find three comparable trucks listed for **Rs. 16,000**, **Rs. 17,000**, and **Rs. 17,500**. The accountant calculates the average (or a reasonable market price) and determines the truck's **fair value** is **Rs. 16,800**. The company would report this updated value on its balance sheet. The resulting **Rs. 3,200** decrease would be recorded as an unrealized loss on the income statement.

**Questions:**

a. Briefly define the **historical cost principle** and the **fair value principle** as they apply in this case study, using your own words.

b. Compare the reported asset value under both methods. How does using fair value provide more "relevant" information to potential investors compared to historical cost?

c. What would be the effect on the company's reported Net Income for 2024 under the fair value method versus the historical cost method, given the change in the truck's value?

d. If the accountant found the prices for the comparable trucks on a public, active online marketplace, which level of the fair value hierarchy (Level 1, 2, or 3) would these inputs belong to? Why?

**Case Study 2**

Two friends, **Rahul** and **Sita**, both run lemonade stands in their neighborhoods in 2025. They both want to borrow ₹1,000 from their uncle to expand. The uncle asks to see their "Profit Report" for the last month to see who is doing better.

- **Sita's Way:** Sita calculates profit by looking at her bank account. She says, "I have ₹500 in the bank, so my profit is **₹500**." (She forgot she still owes ₹200 to the sugar seller).
- **Rahul's Way:** Rahul calculates profit by counting every cup sold. He says, "I sold 100 cups for ₹10 each, so my profit is **₹1,000**." (He forgot to subtract the cost of lemons and ice).

**The Problem:** The uncle is confused. Both have different "profits," but they calculated them using different rules. He cannot compare them fairly.

**The Solution: Enter GAAP**

**GAAP** is like the **"Rulebook for Accounting."** If both Rahul and Sita follow the same GAAP rules, they must report their numbers the same way.

1. **Rule of Expenses:** Both must subtract the cost of lemons, sugar, and rent before claiming profit.
2. **Rule of Honesty (Consistency):** They cannot change their math style every week to make themselves look better.
3. **Rule of Evidence:** They must keep receipts for every lemon they buy.

**Questions**

1. What is GAAP? Based on the story, why is GAAP called a "common language" for business?
2. If there were no GAAP rules, how could a dishonest business owner trick an investor?
3. If the uncle forces both kids to follow **Indian GAAP**, will it be easier or harder for him to decide who gets the loan? Why?
4. **True/False:** GAAP is a set of laws that only big companies like Tata or Reliance have to follow. (Explain your answer).

**Case Study 1: Intellectual Property Theft on Digital Platforms**

A software developer finds that his mobile application code has been illegally copied, modified, and distributed on third-party app stores without permission.

**Tasks:**

1. Identify the **crime related to IPR** involved in this case.
2. Distinguish between **IPR violations in cyber space and conventional IPR violations**.
3. Explain the role of **digital evidence** in proving ownership.
4. Discuss how cyber jurisdiction affects enforcement when infringers operate overseas.
5. Suggest technological and legal safeguards to protect digital IPRs.

**Case Study 2: A short history of Facebook**

Since the Facebook IPO in 2012, more information is available via the Facebook Investor relations site, including annual reports.

**Tasks:**

1. As an investor in a social network such as Facebook, which financial and customer-related metrics would you use to assess and benchmark the current business success and future growth potential of the company?

2. Complete a situation analysis for Facebook focusing on an assessment of the main business risks which could damage the future growth potential of the social network.
3. For the main business risks to Facebook identified in your answer to Question 2, suggest approaches the company could use to minimise these risks.