

Total No. of Printed Pages—11

2 SEM TDC CA (CBCS) C 203

2 0 2 2

(June/July)

COMMERCE

(Core)

Paper : C-203

(Corporate Accounting)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. (a) Write True or False : 1×3=3

- (i) Right Shares can be issued only to existing shareholders.
- (ii) Capital Reserve is created out of Revenue Profit as well as Capital Profit.
- (iii) For reduction of Share Capital of company, confirmation from the court is not necessary.

(2)

1×3=3

(b) Fill in the blanks :

(i) Goodwill is the most unrealizable form of assets as it can be disposed of only in the event of the being sold as a ____.

(ii) Schedule 15 of Bank Profit & Loss Account relates to ____.

(iii) Post-acquisition profits are treated as ____ profits.

(c) Choose the most appropriate answer :

1×2=2

(i) Consolidated Balance Sheet is prepared as per

(1) Accounting Standard-14

(2) Accounting Standard-21

(3) Accounting Standard-6

(ii) Share Application is a

(1) Personal Account

(2) Real Account

(3) Nominal Account

(3)

2. Write short notes on any four of the following : 4×4=16

(a) Sinking Fund Method for redemption of debentures

(b) Internal Reconstruction

(c) Valuation of Goodwill

(d) Non-banking Assets

(e) Consolidated Balance Sheet

3. (a) Equity Liabilities and Assets of Sunrise Ltd. as on 31st March, 2019 are given below :

I. Equity and Liabilities

1. Shareholders' Funds :

(a) Share Capital :

800000 Equity Shares of ₹ 10 each 80,00,000

(b) Reserve and Surplus :

(i) Securities Premium A/c 8,00,000

(ii) General Reserve 72,00,000

2. Non-Current Liabilities :

Secured Loan : 13% Debentures 40,00,000

3. Current Liabilities 40,00,000

2,40,00,000

II. Assets :

| | ₹ |
|-----------------------|--------------------|
| 1. Non-Current Assets | |
| Fixed Assets | 80,00,000 |
| 2. Current Assets : | |
| (a) Stock-in-Trade | 48,00,000 |
| (b) Sundry Debtors | 40,00,000 |
| (c) Bank Balance | 72,00,000 |
| | <u>2,40,00,000</u> |

It was decided at the meeting of shareholders—

- (i) to buyback 20% of equity shares @ ₹ 12 per share;
- (ii) to utilize general reserve for buyback of shares;
- (iii) to utilize securities premium reserve for premium payable on buyback of shares.

Pass necessary Journal Entries and draw up the Balance Sheet after the above transactions have been given effect to. 7+7=14

Or

- (b) (i) Write the difference between Right Shares and Bonus Shares. 7

- (ii) State the provisions for redemption of Preference Share provided under Section 55 of the Companies Act, 2013. 7

- 4. (a) Following is the Trial Balance of TD Co. Ltd. as at 31st March, 2022 :

| Particulars | Debit ₹ | Credit ₹ |
|--------------------------------|------------|-------------|
| Factory premises at cost | 4,50,000 | |
| Plant and Machinery at cost | 3,49,160 | |
| Motor, Lorry at cost | 73,000 | |
| Debtors | 1,21,780 | |
| Bad Debt written off | 2,850 | |
| Rent, Rates and Taxes | 28,400 | |
| Advertisement | 19,500 | |
| Cash and Bank | 68,500 | |
| Directors' Fees | 3,600 | |
| Audit Fees | 10,000 | |
| Stock as on 31.03.2022 | 1,14,600 | |
| Rent and Taxes paid in advance | 7,980 | |
| Salaries and Wages | 32,000 | |
| Patent | 15,000 | |
| Dividend Paid : | | |
| On Preference Shares | 21,000 | |
| On Equity Shares (interim) | 15,000 | |

(6)

| Particulars | Debit ₹ | Credit ₹ |
|---|------------------|------------------|
| Share Capital : | | |
| 30000, 7% Preference Shares of ₹ 10 each | | 3,00,000 |
| 60000 Equity Shares of ₹ 10 each | | 6,00,000 |
| Surplus A/c | | 16,240 |
| Gross Profit for the year | | 2,46,640 |
| Provision for Doubtful Debts | | 9,000 |
| Sundry Creditors | | 1,29,640 |
| Transfer Fees | | 110 |
| Accrued Wages | | 12,840 |
| Staff Benevolent Fund | | 17,900 |
| | <u>13,32,370</u> | <u>13,32,370</u> |

The Provision for Doubtful Debts is to be made up to ₹ 10,200. The Factory Premises, Plant and Machinery and Motor Lorries are to be depreciated by 3%, 15% and 20% respectively. The Authorised Capital of the company is ₹ 10,00,000 divided into shares of ₹ 10 each

You are required to prepare—

- (i) Statement of Profit and Loss for the year ended 31st March, 2022;

22P/1389

(Continued)

(7)

- (ii) a Balance Sheet as at 31st March, 2022 in the prescribed under the Companies Act, 2013. Previous Years' figures are not required and also ignore taxation. You need not provide corporate dividend tax.

7+7=14

Or

- (b) (i) Discuss the classification of bank advances and also write the provisions to be made for various types of advances. 5+5=10
- (ii) Write a note on Rebate on Bill discounted. 4

5. (a) Purabi Ltd. proposed to purchase the business carried on by Sunny Ltd. Goodwill for this purpose is agreed to be valued at three years' purchase of the simple average profits of the past four years. The profits for these years are :

| Year | Profit ₹ |
|------|-------------|
| 2018 | 2,52,000 |
| 2019 | 1,76,000 |
| 2020 | 2,85,000 |
| 2021 | 1,39,000 |

22P/1389

(Turn Over)

(8)

On a scrutiny of the accounts the following matters are revealed :

(i) On 1st July, 2020 a major repair was made in respect of plant incurring ₹ 50,000 which amount was charged to revenue. The said sum is agreed to be capitalized for goodwill calculation subject to adjustment of depreciation @ 10% p.a. on reducing balance method

(ii) Closing Stock of 2019 was overvalued by ₹ 20,000

(iii) To cover management cost an annual charge of ₹ 30,000 should be made for the purpose of goodwill valuation

Compute the value of goodwill. 8

Or

(b) Explain the various methods of valuation of shares. 8

(9)

6. (a) Following are the Balance Sheets of Reny Ltd. and Moni Ltd. as at 31st March, 2022 :

| | Reny Ltd. ₹ ('000) | Moni Ltd. ₹ ('000) |
|--|-----------------------|-----------------------|
| I. Equity and Liabilities | | |
| 1. Shareholders' Funds : | | |
| (a) Share Capital : | | |
| (i) Equity Share Capital (₹ 10 each) | 24,000 | 9,000 |
| (ii) 12% Preference Share Capital (₹ 10 each) | — | 3,000 |
| (b) Reserves and Surplus : | | |
| (i) General Reserve | 13,800 | 2,900 |
| (ii) Statutory Reserve | 1,200 | 400 |
| (iii) Surplus | 1,700 | 1,080 |
| 2. Non-Current Liabilities : | | |
| 14% Debentures | — | 750 |
| 3. Current Liabilities | 4,300 | 2,970 |
| | <u>45,000</u> | <u>20,100</u> |
| II. Assets : | | |
| 1. Non-Current Assets | | |
| Fixed Assets | 33,000 | 14,200 |
| 2. Current Assets : | 12,000 | 5,900 |
| | <u>45,000</u> | <u>20,100</u> |

On 1st April, 2022, Reny Ltd. takes over Moni Ltd. on the following terms :

(i) Reny Ltd. will issue 1050000 Equity Shares of ₹ 10 each at par to the Equity Shareholders of Moni Ltd

(ii) Reny Ltd. will issue 33000, 12% Preference Shares of ₹ 100 each at par to the Preference Shareholders of Moni Ltd.

(iii) Debentures of Moni Ltd. will be converted into equal number of 15% Debentures of the same denomination

You are informed that statutory reserves of Moni Ltd. are to be maintained for three years.

You are required to give necessary Journal Entries in the books of Reny Ltd. and show the Balance Sheet of Reny Ltd. assuming that amalgamation in the nature of merger. 5+6=11

Or

(b) (i) Explain the various provisions of capital reduction as given in the Companies Act, 2013. 6

(ii) Distinguish between Amalgamation in the nature of Merger and Amalgamation in the nature of purchase. 5

7. (a) From the Ledger Balances as at 31st March, 2022, and information given below, you are required to prepare a Consolidated Balance Sheet : 9

| Cr. Balances | H Ltd. | | S Ltd. | | Dr. Balances | H Ltd. | | S Ltd. | |
|--|------------------|--|-----------------|--|--|------------------|--|-----------------|--|
| | ₹ | | ₹ | | | ₹ | | ₹ | |
| Share Capital : ₹ 10 fully paid shares | 10,00,000 | | 2,00,000 | | Sundry Assets | 9,00,000 | | 2,20,000 | |
| Surplus | 4,00,000 | | 1,40,000 | | Stock | 6,20,000 | | 2,40,000 | |
| Reserve | 1,00,000 | | 1,00,000 | | Debtors | 1,20,000 | | 1,30,000 | |
| Creditors | 3,00,000 | | 1,60,000 | | Investments : 14000 Shares in S Ltd. | 1,60,000 | | — | |
| | | | | | Discount on Issue of Shares | — | | 10,000 | |
| | <u>18,00,000</u> | | <u>6,00,000</u> | | | <u>18,00,000</u> | | <u>6,00,000</u> | |

H Ltd. purchased shares from S Ltd. on 1st October, 2021. On 1st April, 2021, Surplus A/c of S Ltd. stood ₹ 40,000 as Credit Balance and Reserve A/c was ₹ 60,000. Sundry Assets of S Ltd. was overvalued by ₹ 10,000.

Or

(b) Write the advantages and disadvantages of Holding Company. 9
