

Total No. of Printed Pages—11

2 SEM TDC CA (CBCS) C 203

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(May)

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) Premium on issue of share can be used for issue of bonus share.
- (ii) In case of inadequacy of profit, dividend can be paid out of Capital Reserve.
- (iii) Internal reconstruction is generally resorted to write off the past accumulated losses.

(b) Fill in the blanks : 1×3=3

- (i) Accumulated losses in the vendor company should be transferred to ____.
- (ii) Cashflow Statement is based upon ____.
- (iii) Rebate on bills discounted for a banking company is ____.

(c) Choose the most appropriate answer :

1×2=2

(i) Consolidated Balance Sheet is prepared as per

- (1) Accounting Standard-6
- (2) Accounting Standard-14
- (3) Accounting Standard-21

(ii) Subject to the permission allowed by the Central Government, the maximum allowable discount on equity shares is

- (1) 10%
- (2) 15%
- (3) 20%

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

- (a) Forfeiture of Shares
- (b) Non-performing Assets
- (c) Amalgamation in the nature of merger
- (d) Cashflow Statement
- (e) Consolidated Balance Sheet

3. (a) Dutta Ltd. issued 10000 Equity Shares of ₹ 100 each at a discount of 5%, payable ₹ 30 on application, ₹ 40 on allotment, ₹ 20 on first call and balance on final call. The company received applications for 9000 shares. All the shares were duly allotted for. All the money due on shares was received with the exception of Nandi, to whom 300 shares were allotted failed to pay allotment and calls money and Bapi to whom 200 shares were issued failed to pay final call money. All these shares

were forfeited after final call and subsequently re-issued to Raju @ ₹ 80 each fully paid-up.

Pass necessary Journal Entries in the books of the company and draw up Balance Sheet of the company. $8+4=12$

Or

(b) (i) State the provisions for redemption of Preference Shares provided under Section 55 of Companies Act, 2013. 6

(ii) State the prohibition on Issue of Shares at a discount. 6

4. (a) Following is the Trial Balance of TD Co. Ltd. as at 31st March, 2024 :

	Dr. Balances ₹	Cr. Balances ₹
Stock on 01.04.2023	1,00,000	
Sales		4,50,000
Purchases	3,25,000	
Wages	60,000	
Salaries	12,000	
Rent	6,000	

	<i>Dr. Balances</i>	<i>Cr. Balances</i>
	₹	₹
Sundry Expenses	7,000	
Discount		4,000
Surplus (on 01.04.2023)		19,000
Equity Share Capital		2,00,000
Creditors		22,500
Reserve Fund		17,500
Plant & Machinery	57,000	
Cash at Bank	20,500	
Building	60,000	
12% Loan (on 01.07.2023)	30,000	
Interest on Loan		1,500
Debtors	47,500	
Bills Payable		28,500
Dividend Paid	18,000	
	<u>7,43,000</u>	<u>7,43,000</u>

Prepare Statement of Profit & Loss for the year ended 31st March, 2024 and a Balance Sheet as on that date after taking into consideration the following adjustments :

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- (i) Stock on 31st March, 2024 was valued at ₹ 92,000

(ii) Depreciate on fixed assets @ 10%

(iii) Purchases include purchase of machinery worth ₹ 20,000

(iv) Make a provision for income tax @ 30%

(v) Ignore corporate dividend tax

Or

(b) Write notes on any *two* of the following :

$$5\frac{1}{2} \times 2 = 11$$

(i) Interim Dividend

(ii) Rebate on Bill Discount

(iii) Capital Adequacy Ratio of Banks

(iv) Cash Credit

5. (a) Malin Co. Ltd. proposed to purchase the business carried on by Chhaya 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 ₹
2020	2,62,000
2021	1,96,000
2022	3,07,000
2023	1,65,000

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

- (i) On 1st July, 2022 a major repair was made in respect of plant incurring ₹ 60,000 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 2021 was overvalued by ₹ 40,000
- (iii) To cover management cost an annual charge of ₹ 20,000 should be made for the purpose of goodwill valuation

Compute the value of goodwill.

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Or

- (b) Explain various methods of valuation of shares.

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6. (a) The Ledger Balances of Omkar Ltd. as on 31st March, 2024 was as follows :

Cr. Balances	Amount ₹	Dr. Balances	Amount ₹
Share Capital :			
Authorized Capital :			
10000 Equity Shares			
of ₹ 100 each	10,00,000		
10000, 11% Preference			
Shares of ₹ 100 each	10,00,000		
	<u>20,00,000</u>		
Issued & Paid-up :			
5000 Equity Shares		Goodwill	45,000
of ₹ 100 each	5,00,000	Land	2,50,000
5000, 11% Preference		Building	6,00,000
Shares of ₹ 100 each	5,00,000	Plant &	
		Machinery	1,25,000
Non-current Liabilities :		Patents	60,000
12% Debentures	3,00,000	Stock	39,000
Current Liabilities :		Debtors	41,000
Sundry Creditors	60,000	Surplus (Negative	
Bank Overdraft	40,000	balance)	2,40,000
	<u>14,00,000</u>		<u>14,00,000</u>

The company proved unsuccessful and resolution was passed to carry out the following scheme of reconstruction by reduction of capital :

- (i) That the Equity Shares to be reduced to an equal number of fully paid shares of ₹ 40 each
- (ii) That 11% Preference Shares to be reduced by ₹ 40 per share
- (iii) That the value of Land is appreciated by 10%
- (iv) That the amount so available be utilized towards wiping out losses and reduction of assets as follows :

Fictitious and intangible assets to be completely written off; value of Building reduced to ₹ 4,70,000; Plant & Machinery reduced by 12%; ₹ 19,000 to be written off from Stock and ₹ 6,000 to be provided for doubtful debt

Make Journal Entries in the books of the company and prepare Balance Sheets giving effect to the above scheme.

5+6=11

Or

- (b) What is purchase consideration?
Discuss the various methods of
computing purchase consideration.

2+9=11

7. (a) On 31st March, 2024, the Ledger
Balances of *H Ltd.* and its subsidiary
S Ltd. stood as follows :

<i>Cr. Balances</i>	<i>H Ltd.</i>	<i>S Ltd.</i>	<i>Dr. Balances</i>	<i>H Ltd.</i>	<i>S Ltd.</i>
	₹	₹		₹	₹
Equity Share Capital (shares of ₹ 100 each)	20,00,000	10,00,000	Fixed Assets 75% Equity Shares in <i>S Ltd.</i> (at cost)	14,00,000	9,90,000
General Reserve	6,00,000	4,00,000	Stock	80,000	60,000
Surplus A/c	2,50,000	90,000	Other Current Assets	6,80,000	5,40,000
Creditors	1,50,000	1,10,000	Preliminary Expenses	—	10,000
	<u>30,00,000</u>	<u>16,00,000</u>		<u>30,00,000</u>	<u>16,00,000</u>

H Ltd. purchased shares from *S Ltd.* on
1st October, 2023. On 1st April, 2023,
Surplus A/c of *S Ltd.* stood ₹ 30,000.
On 1st January, 2024 *S Ltd.* sold goods
to *H Ltd.* for ₹ 30,000 which was sold at

a profit of 20% on selling price. 50% of goods remain unsold and lying godown of *H Ltd.*

Prepare a Consolidated Balance Sheet of *H Ltd.* and *S Ltd.* as on 31st March, 2024 giving all workings. 11

Or

(b) Explain the basic rules for preparing a Consolidated Balance Sheet. 11

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