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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 : 1×4=4

- (i) Securities Premium A/c can be utilized for writing off discount allowed on any issue of shares or debentures of the company.
- (ii) Interim dividend paid is a charge against the profits.
- (iii) Net Assets basis of valuation of shares is concerned with the asset backing per share.

(iv) When two or more companies go into liquidation and a new company is formed to take over their businesses, it is called absorption.

(b) Choose the most appropriate answer :

1×4=4

(i) Profits of the subsidiary company made after the date of the purchase of shares by the holding company are treated as

(revenue profit / capital profit)

(ii) Accumulated losses in the vendor company should be transferred to

(equity shareholders A/c /
Profit & Loss A/c)

(iii) Cash flow statement is useful for (short-term / long-term) financial planning.

(iv) Preference shareholders are (creditors/owners) of the company.

2. Write short notes on any four of the following :

4×4=16

(a) Oversubscriptions of shares

(b) Issue of debentures as collateral security

- (c) Non-performing assets
- (d) Contingent liabilities
- (e) Investor education and protection fund

3. (a) Royal Co. Ltd. issued 10000 shares of ₹ 100 each at a premium of 10% payable as follows :

₹ 30 on application

₹ 60 on allotment (including
premium)

₹ 20 on call

Ram holding 700 shares failed to pay the call money. The company forfeited his shares and reissued them to Jatin as fully paid up at ₹ 90 per share.

Give Journal entries to record the above transactions and show the Balance Sheet of the company. 8+4=12

Or

- (b) (i) Differentiate between Bonus shares and Right shares. 6
- (ii) State the conditions required for buyback of shares of a company. 6

4. (a) The following is the Trial Balance of Balaji Ltd. as on 31st March, 2020 :

	Dr. (₹)	Cr. (₹)
Stock	12,500	—
Sales	—	40,000
Purchases	34,500	—
Wages	5,000	—
Discount	700	500
Salaries	750	—
Rent	495	—
General expenses	1,705	—
Surplus A/c (1-4-2019)	—	1,503
Dividend paid	900	—
Capital (1000 shares of ₹ 10 each)	—	10,000
Debtors and creditors	3,750	1,750
Machinery	2,900	—
Cash	1,620	—
Reserve	—	11,550
Bad debts	483	—
	<u>65,303</u>	<u>65,303</u>

Prepare statement of Profit & Loss and Balance Sheet after taking into account the following information :

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(i) Stock ₹ 30,000

(ii) Purchases include ₹ 500 machinery purchased on 1-7-2019

(iii) On 31-12-2019 goods worth ₹ 3,000 were sold to a customer. He has taken away the goods, but no entry is recorded

(iv) Income tax ₹ 3,000

(v) Ignore corporate dividend tax

Or

- (b) (i) Explain the procedure to deal with the following items while preparing the final accounts of a company : 3+3=6

- (1) Transfer fees
- (2) Preliminary expenses

- (ii) State the norms of classification of advances under : 3+2=5

- (1) Standard assets
- (2) Doubtful assets

5. (a) The net profits of a company after providing for taxation, for the past five years are ₹ 40,000, ₹ 42,000, ₹ 45,000, ₹ 46,000 and ₹ 47,000. The capital employed in the business is ₹ 4,00,000 on which a reasonable rate of return of 10% is expected.

It is expected that the company will be able to maintain its super profit for the next five years.

Calculate the value of goodwill of the business—

- (i) on the basis of an annuity of super profit, taking the present value of an annuity of one rupee for five years at 10% interest as ₹ 3.78; 6

- (ii) on the basis of capitalizing the excess of the annual average distributable profits over the reasonable return on capital employed. 5

Or

- (b) (i) Write a short note on different methods of valuation of goodwill. 6
- (ii) Describe the direct method of computing cashflow from operating activities. 5

6. (a) X Ltd. and Y Ltd. decided to amalgamate in the nature of purchase and a new company XY Ltd. is formed to take over the both companies. Following are the Balance Sheets of the companies as on that date :

	X. Ltd.	Y. Ltd.
	(₹ in lacs)	(₹ in lacs)

I. Equity and Liabilities

1. Shareholders' Funds :

(a) Share Capital :

Shares ₹ 10 each	50	30
fully paid		

(b) Reserves and Surplus :

(i) Reserve Fund	20	15
(ii) Dividend		
Equilization Fund	—	10
(iii) Workmen's		
Compensation Fund	2	—
(iv) Surplus A/c	3	5

	X. Ltd. (₹ in lacs)	Y. Ltd. (₹ in lacs)
2. Current Liabilities :		
(a) Bank Overdraft	—	5
(b) Sundry Creditors	10	12
(c) Bills Payable	<u>5</u>	<u>3</u>
	<u>90</u>	<u>80</u>
II. Assets :		
1. Non-Current Assets :		
(i) Tangible Assets :		
Land & Building	25	19
Plant & Machinery	20	25.50
(ii) Intangible Assets :		
Goodwill	10	8
Patents & Trademark	—	5.25
2. Current Assets :		
(a) Stock	20	15
(b) Sundry Debtors	10	5
(c) Bills Receivable	—	2
(d) Cash at Bank	<u>5</u>	<u>0.25</u>
	<u>90</u>	<u>80</u>

Show how the amount payable to each company is arrived at and prepare the amalgamated Balance Sheet of XY Ltd. assuming amalgamation is done in the nature of purchase.

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Or

- (b) Write short notes on any *two* of the following : $5\frac{1}{2} \times 2 = 11$

- (i) Scheme of capital reduction
- (ii) Internal reconstruction
- (iii) Alteration of share capital

7. (a) The Balance Sheets of Sun Limited and its subsidiary Moon Limited as on 31st March, 2023, stood as follows :

Balance Sheets
as on 31st March, 2023

<i>Particulars</i>	<i>Sun Ltd.</i> ₹	<i>Moon Ltd.</i> ₹
I. Equity and Liabilities :		
1. Shareholders' Funds :		
(a) Share Capital :		
Equity Shares of ₹ 10 each	50,000	10,000
(b) Reserves and Surplus :		
Reserves	10,000	—
Surplus (Balance of Statement of Profit and Loss)	20,000	6,000
Preliminary expenses	(8,000)	(4,000)
2. Current Liabilities :		
Trade Payables :		
Sundry Creditors	8,000	8,000
Bills Payable	<u>3,000</u>	<u>2,000</u>
	<u>83,000</u>	<u>22,000</u>
II. Assets :		
1. Non-Current Assets :		
(a) Tangible Assets	56,500	12,000
(b) Non-Current Investments		
(Equity Shares in Moon Ltd.)	6,500	—
2. Current Assets :	<u>20,000</u>	<u>10,000</u>
	<u>83,000</u>	<u>22,000</u>

Sun Limited acquired 60% interest in Moon Limited. All the profits of Moon Limited was earned after the shares were acquired by Sun Limited.

Prepare the consolidated Balance Sheet of Sun Limited and its subsidiary Moon Limited on 31st March, 2023. 11

Or

(b) Describe the provisions of AS-21 in relation to the preparation of consolidated financial statements. 11

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