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2 SEM TDC CA (CBCS) C 203

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(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)

(b) Fill in the blanks : 1×3=3

(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;

(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

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

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

	Remy 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, Remy Ltd. takes over Moni Ltd. on the following terms :

(i) Remy 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 :			Sundry		
₹ 10 fully paid			Assets	9,00,000	2,20,000
shares	10,00,000	2,00,000	Stock	6,20,000	2,40,000
Surplus	4,00,000	1,40,000	Debtors	1,20,000	1,30,000
Reserve	1,00,000	1,00,000	Investments :		
Creditors	3,00,000	1,60,000	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

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