

(Please write your Exam Roll No.) Exam Roll No.

END TERM EXAMINATION

SECOND SEMESTER [B.COM (HONS.)] JUNE 2024

Paper Code: B.COM -102

Subjects: Corporate Accounting (C)

Time: 3 Hours

Maximum Marks: 60

Note: Attempt any five questions. All questions carry equal marks.

- Q1 (i) X Ltd. invited application for 10000 equity shares of Rs.100 each at par payable at Rs.25 on application, Rs.40 on allotment, and Rs.35 on first and final call. Applications were received for 9000 shares and all these were accepted. All money due were received except the first and final call on 100 shares which were forfeited in due course. Of these, 50 shares were reissued at Rs.90 fully paid. Pass journal entries in the books of X Ltd. to record all the above transactions and prepare the balance sheet.
- (ii) State the conditions for buy-back of equity shares as per Section 68 of Companies Act, 2013.

- Q2 The following are the account balances of X Ltd. as on 31stMarch 2021:

Credit	Rs.	Debit	Rs.
5000 12% Redeemable Preference Shares of Rs.100 each	5,00,000	Fixed Assets	24,00,000
10000 Equity Shares of Rs.100 each	10,00,000	Stock	5,00,000
Capital Reserve	1,00,000	Debtors	50,000
Securities Premium Account	1,00,000	Cash	50,000
General Reserve	2,00,000		
Surplus	1,00,000		
Current Liabilities	10,00,000		
	30,00,000		30,00,000

The preference shares are to be redeemed on 1 April 2021 at 10 per cent premium. On 1 April 2021, a fresh issue of equity shares was made to the extent it is required under the Companies Act for the purpose of redemption after utilising the proceeds of fresh issue was met by raising a bank loan, the cash balance of Rs.50,000 being the minimum amount the company requires for its trading operations. Draft journal entries in the books of company to record these transactions and prepare the balance sheet (immediately after redemption) in the format prescribed by the Companies Act.

- Q3 Y Ltd. Has an authorised capital of Rs.2,000 Crores consisting of 20 crore equity shares of Rs.100 each. Following is the trial balance of the company as at 31stMarch, 2022:

Debit	Rs. (in crores)	Credit	Rs. (in crores)
Calls in arrears	200	Sales	15,620
Purchases	8,770	Creditors	500
Advance tax paid	2,450	12% Debentures	1,000
Salaries	2,000	General reserve	580
Advertisement	1,000	Salaries outstanding	20
Loose Tools	200	Commission	80
Rent	1,100	Provision for depreciation on Plant	500
Prepaid Rent	30	Provision for depreciation on Furniture	300
Interest on Debentures	100	Surplus	570
Plant	2,500	Commission received in advance	30
Furniture	1,300	Share Capital	2,000

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Debtors	800	Provision for tax	1,250
Stock	450		
Bad Debts	50		
Bank Balance	450		
Building	1,050		
	22450		22,450

Additional information:

- Rs.200 crores are outstanding for advertisement.
- Provide depreciation on plant and furniture at 20% p.a. 10% p.a. respectively on written down value.
- Maintain provision for doubtful debts at 5%.
- The directors proposed a dividend of 30% on paid up share capital.
- Make a provision of 25.75% for income tax (including all applicable cess).
- Transfer Rs.500 crores to General Reserve.
- Closing Stock is Rs.2,000 crores.

Prepare Statement of Profit and Loss for the year ended 31st March, 2022 and Balance Sheet as at that date as per Division II of Ind-AS.

- Q4 On 1 April 2022, Vishnu Ltd. has a balance of Rs.4,00,000 in Surplus Account. The company decided to repay Rs.4,00,000 12% Debentures on 31 March 2023 at a premium of 10%. Debenture interest is payable annually at the end of financial year. The company also has a balance of Rs.2,00,000 in the Debenture Redemption Reserve Account; the company makes investments as per Rules framed under Companies (Share Capital and Debenture) Rules 2014 on 1st April of every financial year. The investments carry interest of 10% p.a. and are realised at par. Journalise the transactions for financial year 2022-23 complying with the provisions of Companies Act 2013. Company has sufficient balance in the bank account.

- Q5 On 31st March 2022, the balance sheet of B Ltd. was as follows:

B Limited

Balance Sheet as at March 31, 2022

Particulars	Note No.	Rs.
I. EQUITY AND LIABILITIES		
(1) Shareholder's Funds		
(a) Share Capital		
50000 10% Preference shares of Rs. 10 each		5,00,000
150000 Equity shares of Rs. 10 each		15,00,000
(b) Reserves and Surplus (Negative balance)		-2,80,000
(2) Non-Current Liabilities		
(a) Long-Term Borrowings (10% Debentures)		3,00,000
(3) Current Liabilities		
(b) Trade Payables (Creditors)		2,00,000
Total		22,20,000
II. ASSETS		
(1) Non-Current Assets		
(a) Property, Plant and Equipment		
Plant & Machinery		7,00,000
Furniture & Fixtures		2,00,000
(b) Intangible Assets		
Goodwill		4,00,000
Patents		1,50,000

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(2) Current Assets		
(a) Inventories (Stock-in-trade)		4,90,000
(b) Trade Receivables (Debtors)		2,55,000
(c) Cash and Cash Equivalents (Bank)		5,000
(d) Other Current Assets		
Preliminary Expenses		8,000
Discount on issue of debentures		12,000
Total		22,20,000

On the above date, ABC Limited takes over the business of B Ltd. on the following terms and conditions:

- (i) One equity share Rs.5 paid up to be allotted in ABC Ltd. for each equity share in the B Ltd.
- (ii) Two equity shares Rs.5 paid up to be allotted in ABC Ltd. for each preference share in the B Ltd.
- (iii) Debenture holders to receive 30,000 equity shares in the ABC Ltd. credited as fully paid.
- (iv) Creditors to be taken over by the ABC Ltd.
- (v) ABC Ltd. to take over the assets of B Ltd. (except patents), subject to writing down plant and machinery by Rs.2,90,000 and stock by Rs.60,000
- (vi) Patents were realised by B Ltd. for Rs.10,000

Liquidation expenses of B Ltd. came to Rs.10,000. Prepare Realisation Account and Equity Shareholders Account in the books of B Ltd. Also, pass all necessary journal entries in the books of ABC Ltd.

Q6

The financial information of S K Ltd. are given below:

S K Limited

Items of Balance Sheet on March 31, 2021 and 2022

Particulars	2021 Rs. (in lacs)	2022 Rs. (in lacs)
I. EQUITY AND LIABILITIES		
Share Capital	1,000	1,500
General Reserve	360	420
Securities Premium		30
Surplus Account	250	400
Debentures	400	270
Accounts Payable	200	300
Income tax Payable	40	50
Other Current Liabilities	250	230
Total	2,500	3,200
II. ASSETS		
Plant and Machinery	1,550	1,800
Less: Accumulated Depreciation	-230	-300
	1320	1500
Investment (Long term)	315	440
Stock	700	1140
Accounts Receivable	150	80
Cash at Bank	15	40
Total	2,500	3,200

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Items of Income Statement for the year ended March 31, 2022

Particulars	Rs. (in lacs)	Rs. (in lacs)
Sales		1,480
Less: Cost of Goods Sold		-830
		650
Operating Expenses including depreciation		-300
		350
Interest on debentures	-60	
dividend received	173	
Gains on sale of investment	15	
Loss on sale of machinery	-8	120
Profit before tax		470
Provision for tax		-110
Profit after tax		360

Additional information:

- (i) The company paid dividend of Rs.150 lakhs during the year.
 - (ii) A machine costing Rs.80 lakhs, accumulated depreciation Rs.50 lacs, was sold during the year.
 - (iii) The book value of investment, sold during the year, was Rs.43 lacs.
- Prepare cash flow statement as per AS-3 (Revised).

- Q7 Write short note on **any three** of the following:
- (a) Conditions in case of amalgamation in the nature of merger
 - (b) Purchase consideration and Net Assets Method of calculating purchase consideration
 - (c) Pooling of Interest Method of amalgamation.
 - (d) Utilization of securities premium as per Sec 52
 - (e) Issue of bonus shares
- Q8 What is Corporate Financial Reporting and what are its objectives? Also, explain the types of Corporate Financial Reporting.

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