[This question paper contains 32 printed pages.]

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Name of the Paper : Corporate Accounting

Name of the Course : **B.Com. (H) 1st Year – DSC 2.1**

Semester : II

Duration : 3 Hours
समय : 3 घण्टे

Maximum Marks : 90
पूर्णांक : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt **all** questions.
3. All parts of a question to be attempted together.
4. **All** questions carry equal marks.
5. Use of simple calculator is allowed.
6. Answers may be written either in English or Hindi; but the same medium should be used throughout the paper.

छात्रों के लिए निर्देश

1. इस प्रश्न-पत्र के मिलते ही ऊपर दिए गए निर्धारित स्थान पर अपना अनुक्रमांक लिखिए।
2. सभी प्रश्नों के उत्तर दें।
3. प्रश्न के भागों को एक साथ कीजिए।
4. सभी प्रश्नों पर समान अंक हैं।
5. साधारण कैलकुलेटर का उपयोग करने की अनुमति है।
6. इस प्रश्न-पत्र का उत्तर अंग्रेजी या हिंदी किसी एक भाषा में दीजिए, लेकिन सभी उत्तरों का माध्यम एक ही होना चाहिए।

P.T.O.

1. (a) State the provisions of Companies Act 2013 regarding redemption of preference shares. (6)

(b) Rose Ltd. issued a prospectus inviting applications for 75,000 equity shares of ₹10 each at par. The whole of the issue was underwritten by P, Q and R equally with 2500 shares each of them as firm underwriting. Commission payable to underwriter is 5% of the issue price.

The company received applications for 60,000 shares excluding firm underwriting (including marked applications). Marked applications of X, Y P,Q,R
and Z were for 20,000; 22,000 and 12,000 shares respectively. Ascertain the liability of the underwriters and net amount of underwriting commission payable to them assuming benefit of firm underwriting is given to individual underwriters. (9)

OR

(c) Sun Ltd decides to redeem 25,000, 15% Preference shares of ₹10 each at a premium of 10%. It has General Reserve of ₹23,250, P&L A/c of ₹55,000 and Securities Premium of ₹5,000. Investments (Face Value ₹5,00,000), having market value of ₹7,50,000, 30% of the investments are sold at 120% of Face Value. The directors desire that only minimum number of equity shares of ₹100 each at a premium of 5% be issued for the purpose of redemption of preference shares. Calculate minimum number of equity shares to be issued to meet the requirements of the companies Act, 2013 if the company wants to maintain a balance of ₹55,000 in its P&L A/c. (6)

(d) The following is the balance sheet of New Era Ltd. As at 31st March 2025

	Particulars	Note	Figures As At 31st March 2025 Rs. In lakhs
I	**Equity and Liabilities**		
	1. Shareholder's Funds		
	a) Share Capital	1	2400
	b) Reserves and Surplus	2	1620
	2. Non-Current Liabilities		
	Long-term Borrowings (12% Debentures)		1500
	3. Current Liabilities		
	a) Trade Payables		750
	b) Short-term Provisions		390
	Total		**6660**
II	**Assets**		
	1. Non-Current Assets		
	a) Property, Plant and Equipment	3	4052
	b) Non-Current Investments (Investments)		148
	2. Current Assets		
	a) Trade Receivables (Debtors)		1720
	b) Cash and Cash Equivalents (Bank)		740
	Total		**6660**

Notes to Accounts		
1	Share Capital	
	Subscribed and fully paid 2,40,000 Equity Shares of ₹10 each	2400
2	Reserves and Surplus	
	Securities Premium	350
	General Reserve	930
	Profit and Loss Account	340
3	Property, Plant and Equipment	
	Machinery	3600
	Furniture	452

On 1st April 2025, the company decided to buyback 25% of its equity shares @₹15 per share. For this purpose, the company issues 2,00,000, 8% preference shares @₹100 each at a premium of 10% payable fully on application. These shares were fully subscribed. The company also sold all its investments for ₹150 lakhs. Later, the company issued one fully paid-up equity share of ₹10 each by way of bonus issue for every four equity shares held by the equity shareholders. Show all journal entries in the books of New Era Ltd. Show all working notes clearly. (9)

P.T.O.

2. (a) The following balances appeared in the books of Braj Bihari Ltd. as on 31st March, 2025 :

Debit Balances	Amount (₹)	Credit Balances	Amount (₹)
Land & Buildings at Cost	5,25,000	Equity Share Capital (₹ 10 each)	10,00,000
Purchases	43,85,000	General Reserve	2,90,000
Calls in Arrears (on 20,000 shares @5 per share)	1,00,000	Provision for Depreciation on Furniture	1,50,000
Selling Expenses	11,00,000	Trade Payables	2,50,000
Advance Tax Paid	12,25,000	Sales	78,10,000
Plant at Cost	12,50,000	Provision for Depreciation on Plant	2,50,000
Furniture at Cost	6,50,000	Securities Premium	2,25,000
Interest on Debentures	50,000	Surplus in Statement of Profit and Loss (1-4-2024)	60,000
Opening Stock-in-trade	2,25,000	12% Debentures	5,00,000
Trade Receivables	4,00,000	Provision for Bad Debts	15,000
Salaries	10,00,000	Commission	50,000
Rent	60,000	Provision for Tax	6,25,000
Bank	2,25,000		
Discount on Issue of Debentures	5,000		
Bad Debts	25,000		
Total	1,12,25,000	Total	1,12,25,000

Additional Information :

(i) Closing stock on 31st March, 2025 was ₹10,00,000

(ii) Provide depreciation on plant @20%p.a. and on furniture 10% p.a. written down value basis

(iii) Maintain a provision for doubtful debts @5% on debtors.

(iv) Make a provision of 30% for tax.

(v) The board proposed a dividend at 10% on paid up share capital after the date of the Balance Sheet.

(vi) Closing stock valued at ₹10,00,000.

(vii) Transfer ₹1,00,000 to the General Reserve.

(viii) Debentures were issued on 1-4-2024.

You are required to prepare Statement of Profit and Loss for the year ended 31st March, 2025 and Balance Sheet in the prescribed form as at 31st March, 2025 as per schedule III of Companies (18)

(b) Write note on Related Parties as per AS-18. (6)

OR

(c) From the following particulars, Prepare the Statement of Changes in Equity for the year ending 31st March 2025 assuming that preference shares are compulsorily converted into equity shares: (15)

Particulars	(₹ in lakhs)
Equity Share Capital (Shares of ₹ 10 each) in the beginning	600
10% Preference Share Capital (Shares of ₹ 100 each) in the beginning	100
Retained Earnings in the beginning	120
Securities Premium in the beginning	40
Revaluation Reserve in the beginning	30
Capital Redemption Reserve in the beginning	70
Corrections of prior period errors resulting in decrease in profits	10
Changes in accounting policy resulting in increase in profits	20
Net income for the period April 1, 2024 to March 31, 2025	300
Revaluation Gain on Intangible Assets	1
Revaluation Gain on Property, Plant and Equipment	4
Dividends paid during the year 2024-25	35
Issue of 8 lakhs new equity shares of ₹10 each at ₹50 each during the year 2024-25.	
Buy back of 4 lakhs equity shares of ₹10 each at ₹30 each out of securities premium	
Issue of bonus shares out of Capital Redemption Reserve	50

P.T.O.

(d) Omega Ltd. provides the following information :

Particulars	₹ in lakhs
Equity shares of its. 10 each	80
8% Preference shares of Rs. 100 each, fully paid up	10
General Reserve	20
Revaluation Reserve	6
Rates of Equity dividend: 0% in 2022-2023, 15% in 2023-2024,12% in 2024-2025.	
Loss for the year ending: 31.3.2024 ₹2.5 lakh; 31.3.2025 ₹1.2 lakh	

The company desires to declare dividend @ 8% for the year 2025-2026. Comment upon the management's decision. (9)

3. (a) From the following information about Vaibhav Ltd which is carrying business as retail trader, ascertain the value of Goodwill on the basis of three years purchase as per weighted average profit method of last four years.

(i) Profits of last four years before tax were:

b

Year 2021-22 Profit ₹13,50,000; Year 2022-23 Profit ₹13,50,000,
c d Year 2023-24 Profit ₹18,00,000; Year 2024-25 Profit ₹22,50,000.

(ii) On 31st December 2023, a major repair was made in respect of the plant incurring ₹40,000 which was charged to revenue. The said amount is agreed to be capitalised subject to adjustment of depreciation @10% p.a. on reducing balance method.

(iii) The books of the company showed 10% Investment (Face Value ₹8,00,000) at ₹10,00,000 on 31st March 2025. Of these, 20% investments are trade and remaining non-trade. Non trading investments were purchased on 1st October 2024.

(iv) A machine purchased on 1st April 2023 for ₹2,00,000 was wrongly debited to purchase account. This needs to be rectified. Company charges depreciation @ 10% WDV method.

(v) Closing inventories are found to be undervalued by ₹1,00,000 in 2022-23; overvalued by ₹60,000 in 2023-24 and undervalued by ₹80,000 in 2024-25.

(vi) With effect from 1st April 2025, there will be an increase in manager's remuneration of ₹1,00,000. Rate of tax will be 25%. The company is going to start work from home policy for its employees for thrice a week resulting in saving in cost by ₹75,000. (15)

(b) Explain the concept of Brand Strength (3)

OR

(c) The following is the balance sheet of Diamond Ltd. as on 31st March 2025

	Particulars	Note	Amount (₹)
I	Equity and Liabilities		
	1. Shareholder's Funds		
	a) Share Capital		
	Equity Shares of ₹10 each, fully paid up		1,50,000
	Equity Shares of ₹10 each, ₹6 paid up		1,20,000
	10% Cumulative Preference Shares		60,000
	b) Reserves and Surplus		
	P&L A/c (Deficit)		-1,30,000
	2. Non-Current Liabilities		
	Long-term Borrowings (9% Debentures)- 20% Debentures to be redeemed before valuation of shares		1,00,000
	3. Current Liabilities		
	Trade Payables		120,000
	Total		**4,20,000**
II	**Assets**		
	1. Non-Current Assets		
	a) Property, Plant and Equipment		2,10,000
	b) Intangible (Goodwill)		10,000
	c) Non-Current Investment		40,000

P.T.O.

	2. Current Assets		
	a) Inventories (Stock-in-trade)		80000
	b) Trade Receivables (Debtors)		40000
	c) Cash and Cash Equivalents (Bank)		40000
	Total		**4,20,000**

Additional Information :

(i) PPE found to be undervalued by ₹1,50,000

(ii) Goodwill is valued at 75,000 and that of stock is ₹120,000.

(iii) Investments could fetch only ₹10,000.

(iv) 40% debtors are doubtful.

(v) Preference dividend is in arrears for the last two years.

(vi) A pending legal case settled at ₹30,000, though no provision was made earlier.

Find out the intrinsic value per share of Diamond Ltd. by the Net Assets Method. (12)

(d) Differentiate between Market Value Added and Economic Value Added. (6)

4. (a) The balance sheet of A Ltd. As at 31st March 2025 is as follows :

	Particulars	**Note**	**Figures As At 31st March 2025**
I	Equity and Liabilities		₹(In lakhs)
	1. Shareholder's Funds		
	a) Share Capital	1	7,00,000
	b) Reserves and Surplus	2	2,82,000
	2. Non-Current Liabilities		
	Long-term Borrowings (10% Debentures)		1,00,000
	3. Current Liabilities		
	a) Trade Payables		1,33,000
	b) Short-term provisions (Provision for Tax)		1,10,000
	Total		**13,25,000**

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II	**Assets**		
	1. Non-Current Assets		
	a) Property, Plant and Equipment	3	6,87,800
	2. Current Assets		
	a) Inventories (Stock-in-trade)		3,87,400
	b) Trade Receivables (Debtors)		91,000
	c) Cash and Cash Equivalents (Bank)		1,58,000
	3. Other Current Assets		
	d) Preliminary Expenses		800
	Total		**13,25,000**

Notes to Accounts

I	**Share Capital**	
Eq Sh	Subscribed and fully paid 50,000 Equity Shares of ₹10 each	5,00,000
	Redeemable 12% Preference Shares of ₹10 each [20000 Sh	2,00,000
2	**Reserves and Surplus**	
Eq Sh	Pre-incorporation profit	21,000
	Contingency Reserve	1,35,000
SH	Surplus	1,26,000
3	**Trade Payables**	
	Creditors	1,13,000
	Acceptances	20,000
4	**Property, Plant and Equipment**	
	Freehold premises	4,20,000
	Machinery	1,77,000
	Furniture and Fittings	90,800
5	**Trade Receivables**	
	Sundry Debtors less provision (80,000-4,000)	76,000
	Bills Receivables	15,000
6	**Cash & Cash Equivalents**	
	Cash-in-hand	2,300
	Cash at bank	1,56,500

P.T.O.

Liquidation - I Liquidator A/C

B Ltd. decided to take over A Ltd., from 31st March 2025 with the following assets at values noted against them : Absorption - I Realisation A/C, Eq SH A/C, Bank A/C

Bills receivable	15,000
Stock	3,45,000
Freehold premises	6,00,000
Furniture	80,000
Machinery	1,60,000

Preference Shareholders of A Ltd are to be discharged at a premium of 5% by issue of 12% Preference Shares in B Ltd.

Equity Shareholders are allotted 6 Equity shares of ₹10 each at a premium of 10% and are to be paid ₹3 in cash against every five shares held.

Debenture holders of A Ltd. are to be discharge by B Ltd. by issue of 10% Debentures.

B Ltd. spent ₹10,000 on liquidation of A Ltd.

Company End

Prepare necessary ledgers and working notes in the books of A Ltd. and journal entries in the books of B Ltd. [Purchasing Co.] (15)

(b) Define the concept of Internal Reconstruction. Discuss its need in corporate restructuring. (3)

OR

(c) Hardluck Ltd. decided to re-organize its structure following a period of adverse trading conditions. The Balance Sheet of the company as on 31st March 2025 showed the following :

	Particulars	Note	Amount (₹)
I	**Equity and Liabilities**		
	1. Shareholder's Funds		
	a) Share Capital		
	Equity Shares of ₹10 each, ₹7.5 paid up		3,00,000
	9% Preference Shares of ₹100 each, fully paid		2,00,000
	b) Reserves and Surplus		
	Securities Premium		5,000
	P&L A/c (Deficit)		-1,12,000
	2. Non-Current Liabilities		
	Long-term Borrowings (8% Debentures)-secured against machinery		80,000
	3. Current Liabilities		
	a) Short-term borrowings		
	Loan from Promoter's		1,50,000
	Bank Overdraft		95,000
	b) Trade Payables		1,00,000
	c) Other Current Liabilities		
	Interest accrued on Debentures		2,000
	Total		**8,20,000**
II	**Assets**		
	1. Non-Current Assets		
	a) Property, Plant and Equipment		
	Land & Building		3,00,000
	Machinery		1,20,000
	Furniture		10,000
	b) Intangible (Goodwill)		40,000
	c) Non-Current Investment		1,00,000
	2. Current Assets		
	a) Inventories (Stock-in-trade)		75000
	b) Trade Receivables (Debtors)		120000
	c) Cash and Cash Equivalents (Bank)		35000
	d) Other Current Assets (Preliminary Exp)		20000
	Total		**8,20,000**

Note: Preference Dividends are in arrears for three years.

P.T.O.

The following scheme of reconstruction is duly agreed and approved by the Tribunal :

(i) Uncalled capital is to be called up in full and equity shares are to be reduced to ₹5 per share. The Preference Shares are to be reduced to ₹75 per share.

(ii) 1 new Equity Share of ₹10 was issued for every ₹40 of gross preference dividend in arrears.

(iii) The balance on securities premium account was utilized.

(iv) Trade Creditors have consented for 25% of remission of liability on a condition that 25% of the net liability after remission is paid forthwith and the balance is paid within one year.

(v) The debenture holders took over the machinery at an agreed figure of ₹1,00,000 and paid the balance to the company after deducting the amount due to them.

(vi) Promoters agreed to convert their loan into equity shares.

(vii) Investments are to be taken over by bank in full settlement of the overdraft balance.

(viii) Bad Debts of ₹5,000 and obsolete stock ₹7,500 were written off.

Show the Journal entries to record the above transactions in the company's books.

Prepare the Balance Sheet after scheme of reconstruction as at 1st April, 2025 as per Schedule III (15)

(d) Differentiate between AS-14 "Accounting for Amalgamation" and AS-103 "Business Combinations." (3)

5. (a) Discuss the concept of Triple Bottom Line Reporting and why is it important? (7)

Y N.

(b) The Accountant of Shri Ram Ltd. provides the following data regarding its five segments :

₹ in lakhs						
Segments	P	Q	R	S	T	Total
Revenue	730	940	210	160	120	2160
Results	100	(40)	20	(20)	60	180
Assets	80	160	60	40	20	360

The management wishes to know whether segments "P" and "Q" alone should be reported. Give your suggestions. (8)

OR

(c) During the year 2024-25, X Ltd. having a net worth of 550 crore while its annual turnover for the same year was 400 crores. The company earned net profit after tax during last 4 years where as under :

Year	Profits after tax (₹ in crores)
2024-25	25
2023-24	20
2022-23	15
2022-23	10
2021-22	5

During 2024-25 the company contributed 8,00,000 on education of children on village of Kanpur, UP and 13,00,000 for the welfare of widows of war veterans (Army). Company incurred ₹5,00,000 and ₹3,00,000 on free education and free medical treatment of employee of the company and their families respectively under CSR projects.

Calculate qualifying amount of CSR Expenditure u/s 135 of Companies Act 2013. (6)

(d) The six capitals framework is central to Integrated Reporting, helps organizations create value beyond financial performance. Define each of the six capitals in the framework to evaluate transformative and sustainable outcomes.

- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital
- Social & Relationship Capital
- Natural Capital (9)

1 (क) अधिमान शेयरों (Preference Shares) के शोधन (Redemption) के संबंध में कंपनी अधिनियम 2013 के प्रावधानों का उल्लेख कीजिए। (6)

(ख) रोज लिमिटेड (Rose Ltd.) ने ₹10 प्रति शेयर के सममूल्य (at par) पर 75,000 इक्विटी शेयरों के लिए आवेदन आमंत्रित करते हुए एक विवरण-पत्रिका (prospectus) जारी की। इस पूरे निर्गमन (issue) का हामीदारी (underwritten) P, Q और R द्वारा समान रूप से किया गया था, जिसमें प्रत्येक के पास श्फर्म हामीदारीश (firm underwriting) के रूप में 2500 शेयर शामिल थे। हामीदार को देय कमीशन निर्गमन मूल्य का 5% है।

कंपनी को फर्म हामीदारी को छोड़कर (चिह्नित आवेदनों सहित) 60,000 शेयरों के लिए आवेदन प्राप्त हुए। P, Q और R के चिह्नित आवेदन (Marked applications) क्रमशः 20,000; 22,000 और 12,000 शेयरों के लिए थे।

हामीदारों का कुल दायित्व (liability) और उन्हें देय शुद्ध हामीदारी कमीशन की राशि ज्ञात कीजिए, यह मानते हुए कि दृढ़ हामीदारी का लाभ व्यक्तिगत हामीदारों को दिया जाता है। (9)