[This question paper contains 24 printed pages.]

Your Roll No...............

Sr. No. of Question Paper	:	**3701**	**J**
Unique Paper Code	:	2412081201	
Name of the Paper	:	Corporate Accounting	
Name of the Course	:	**B.Com. (Hons.) UGCF**	
Semester	:	II – DSC	

Duration : 3 Hours — Maximum Marks : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt all questions.
3. Marks are indicated against each question.
4. Part of the questions to be attempted together.
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 दीजिए ।
3. प्रत्येक प्रश्न के सामने अंक अंकित हैं ।
4. प्रश्नों के भाग एक साथ कीजिए ।
5. साधारण कैलकुलेटर उपयोग 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 ।

1. (a) Write short notes on the following explaining their effect on underwriters' liability with example :

   (i) Marked and unmarked applications.

   (ii) Normal and Firm Underwriting. (6)

   (b) On 1st April 2019, Vivek Limited granted 150 stock Options to each of its 800 employees @ ₹30 depending upon the employees at the time of vesting of options. Options would be exercisable within a year it is vested. The Fair Value of a share issued under ESOP was ₹70. These options will vest on 31st March 2022. The exercise period is one year. 6000 options lapsed on 31st March 2020. 4,500 options lapsed on 31st March 2021 and finally 3,000 options lapsed on 31st March 2022. 690 employees exercised their vested options within a year and remaining options were unexercised at the end of the contractual life. Pass the necessary journal entries. (9)

OR

(a) Write a note on book building process? (5)

(b) Balance Sheet of Miraj Ltd (Listed) on 1st April, 2023 was as follows :

Particulars	₹
Authorised Capital 50,000, Equity Shares of 10 each	5,00,000
Issued and Subscribed Capital 25,000 Equity shares of 10 each fully paid	2,50,000
General Reserve	2,75,000
Profit and Loss A/c	1,25,000
12% Convertible Debentures (5,000 Debentures of ₹.100 each)	5,00,000
Other Secured loans	2,50,000
Current Liabilities	6,00,000
Property, Plant & Equipment and Intangible Assets	8,00,000
Cash balance	2,50,000
Other Current Assets	10,00,000

On 30^{th} June 2023 the board of directors decided to:

(i) Pay interim dividend of 10% in cash.

(ii) Issue right shares in the ratio of one share of Rs.10 each at Rs. 15 for every five shares held in July 2023. This option was taken up by all the shareholders. All shares were issued and cash was received in full.

The interest on debentures is payable annually at the end of the year. The debentures are redeemable at a premium of 5% in five installments starting from the current year. The debenture holders are given an option to convert 50% of their holding into equity shares at a predetermined price of ₹15 per share and balance payment to be made in cash.

On 1^{st} October, 2023 the company purchased 300 debentures @ Rs. 99 cum-interest and immediately cancelled the debentures. On 31^{st} March 2024, Holders of 100 Debentures opted to get their debentures redeemed in cash only while the rest opted for getting the same converted into equity shares as per the terms of issue.

You are required to journalize above transactions in the books of the company. Show the calculations clearly. (10)

2. (a) Write short notes on :

(i) Operating cycle

(ii) Related Party u/s 2(76) of Companies Act 2013.

(iii) Interim dividend and final dividend. (4×3)

(b) From the following information, prepare statement of Changes in Equity of XYZ Ltd. for the period ended 31st March, 2024

Particulars	**Rs. Crores**
Equity Share Capital in the beginning	500
Retained Earnings in the beginning	250
Securities Premium in the beginning	200
Capital Redemption Reserve in the beginning	150
Revaluation Reserve in the beginning	140
Correction of prior period errors resulting in increase in profit	10
Net Income for the period (including Rs. 4 crores net gain on foreign Exchange translation)	20
Revaluation gain on property, plant and equipment	10
Profit on re-measuring of Financial Assets held as Available for sale	15
Effective portion of upward change in fair value of Hedging Instruments in Cash Flow Hedges	25
Dividend paid	50
Issue of 2 crore new equity shares of Rs. 10 each at Rs. 80 each	
Buy back of 1 crore equity shares of Rs. 10 each at Rs. 60 each out of securities premium.	
Issue of bonus shares out of Capital Redemption Reserve	100

(12)

OR

2. (a) From the following information, prepare a Cash Flow Statement :

Particulars	31.03.2023 (₹)	31.03.2022 (₹)
Share Capital	4,00,000	3,00,000
General Reserve	1,40,000	1,10,000
Securities Premium	20,000	10,000
Profit and Loss A/c	45,000	22,000
Non- Current Liabilities (10% Debentures)	1,00,000	1,50,000
Trade Payables	74,400	90,000
Others Current Liabilities (Unclaimed Dividend)	4,000	-
Short-term Provision (Provision for Tax)	40,000	50,000
Property, Plant & Equipment	4,29,250	2,98,000
Intangible Assets (Goodwill)	90,000	1,00,000
Non- Current 10% Investments	60,000	1,00,000
Inventories	80,000	50,000
Trade Receivables	1,10,000	1,60,000
Cash & Cash Equivalents	42,500	20,000
Interest on Investment	1,500	--
Other Current Assets (Prepaid Expenses)	5,750	4,000
Underwriting commission	4,400	—

Additional Information :

(i) 5% depreciation has been charged in the accounts on plant and machinery.

(ii) Old machines costing ₹50,000 (WDV. ₹20,000) have be sold for ₹35,000.

(iii) A machine costing 10,000 (WDV. ₹3,000) has been discarded.

(iv) ₹10,000 profit has been earned by sale of investments on 1st January 2023.

(v) Debentures have been redeemed at 5% premium at the end.

(vi) ₹45,000 income tax has been paid and adjusted against Income Tax Provision Account.

(vii) Dividend paid during the year 26,000. (18)

(b) Explain with example :

(i) Debt-Equity Ratio

(ii) Return on Equity (6)

3. (a) Ram Ltd. proposed to purchase the business carried on by M/s P & Co. Goodwill for this purpose is agreed to be valued at two years purchase of the weighted average profits of the past three years. The profit of last three years after tax @ are :

Year	Amount (Rs)
2020-2021	12,42,000
2021-2022	10,20,000
2022-2023	14,01,000

On scrutiny of accounts, the following matters are revalued

(i) On 31st December, 2021 a major repair was made in respect of the plant incurring Rs. 50,000 which was charged to revenue. The said sum is agreed to be capitalized for goodwill calculations subject to adjustment of depreciation of 10% p.a. on reducing balance method.

(ii) The closing stock for the year 2020-2021 was overvalued by Rs. 15,000.

(iii) To cover increased management cost, an annual charge of Rs. 25,000 should be provided for in coming years.

(iv) Rate of tax is 25% from 1st April 2023 onwards.

Compute the value of goodwill of the firm. (8)

(b) Enumerate the factors affecting brand valuation. (4)

(c) From the given information, calculate the value of Brand under Potential Earning Model

Particulars	Rs. In Lakhs
Profit before Tax	10,000
Tangible Fixed Assets	30,000
Identifiable Intangible Assets other than Brand	500
Weighted Average Cost of Capital + Normal Spread	20%
Capitalisation factor for Intangibles	25%
Tax Rate	30%

(6)

OR

(a) Following particulars are available in relation to a company :

(i) Equity Share Capital:

- 10,000 equity shares of Rs. 10 each fully paid.
- 20,000 equity shares of Rs. 5 each, Rs. 3 paid

(ii) Preference Share Capital: 2,000 12% Preference Shares of Rs 100 each fully paid.

(iii) Reserve and Surplus: Rs. 30,000

(iv) 8% Debentures: Rs. 1,00,000

(v) External Liabilities: Creditors Rs. 24,000; Bills payable: Rs. 12,000.

(vi) Average normal profit after tax earned each year by the company: Rs. 57,000

(vii) Transferred to general reserve from surplus in the statement of profit and loss: Rs 10% of profit after tax.

Assets of the company include one fictitious item of Rs. 1,600. The normal rate of return of the equity shares of this type of company is 10%. Ignore goodwill.

Compute the value of the equity share of the company as per (i) intrinsic value method; and (ii) yield method. (9)

(b) From the following data compute the Economic Value Added and Market Value Added :

Equity share Capital (Rs. 10 per share, fully paid)	₹ 1,600 crores
10% Long - term Debt	₹ 320 Crores
Interest	₹ 32 crores
Reserve and Surplus	₹ 3200 crores
Profit before interest and Tax	₹ 1,432 crores
Tax Rate	30%
Beta Factor	1.05
Market Rate of Return	14%
Risk premium	4%
Quoted price of an equity share in market	₹ 45

(9)

4. (a) Write the salient features of Ind AS-103 relating to "Business Combinations"? (5)

(b) Distinguish between alteration of share capital and reduction of share capital. (5)

(c) Given below are the extracts from the Balance Sheet of V Ltd. as at 31st March, 2023 :

Particulars	Rs. Lakhs
Equity Share Capital of 10 each fully paid	250.00
8% Pref. Share Capital of 100 each, fully paid	50.00
General Reserve	20.00
Profit & Loss A/c	16.10
Statutory Reserves	5.00
10% Debentures	50.00
Trade Payables	140.00
Property, Plant & Equipment	150.00
Goodwill	169.50
Inventories	55.00
Trade Receivables	65.00
Cash at Bank	91.60

The business of V Ltd. is taken over by P Ltd. as on that date. Prior to absorption, V Ltd. decides to declare and pay equity dividend 5%. P Ltd agreed to absorb V Ltd on the following terms :

(i) 50% of Property, Plant & Equipment are taken over at 100% more than the book value and the remaining Property, Plant & Equipment are taken over at 20% less than the book value.

(ii) Trade Receivables are taken over at book value subject to an allowance of 10% to cover doubtful debts.

(iii) Trade Payables are to be taken over subject to a discount of 5%

(iv) The purchase consideration payable by P Ltd. was agreed as follows:

- The issue of such an amount of fully paid 14% Debentures in P Ltd at 96 per cent as is sufficient to discharge 10% Debentures in V Ltd. at a premium of 20 per cent.

- The issue of such an amount of fully paid 10% Pref. Shares in P Ltd. at 125% as is sufficient to discharge 8% Pref. Shares in V Ltd. at a premium of 20%.

- Pay cash @ Re. 1 per share in V Ltd and Issue one Equity Share of 10 each, 8 paid up valued at 15 per share for every two Equity Shares held in V Ltd. The market value of an equity share of P Ltd. at present is 100.

- Shareholders holding 1 Lakh equity shares in V Ltd did not agree to the scheme of absorption. Hence they are paid cash equivalently by P Ltd.

Calculate purchase consideration. (8)

OR

(a) Given below is the Balance Sheet of Sorry Ltd as at 31st March 2023.

Particulars	Amount (Rs.)
Share Capital:	
Authorised:	
30,000 Equity Shares of 10 each	3,00,000
30,000, 13% Pref. Shares of 10 each	3,00,000
Subscribed, Issued and Paid-up Capital	
20,000 Equity Shares of ₹10 each fully paid	2,00,000
18,000 13% Pref. Shares of 10 fully paid	1,80,000
Reserves & Surplus:	
Profit and Loss Account	(40,000)
Workmen's compensation fund:	
Pune	20,000
Bombay	10,000
Secured loans:	
12% 'A' Debentures secured on Pune Property.	30,000
12% 'B' Debentures secured on Bombay Property	35,000
Current Liabilities & Provisions:	
Current Liabilities: Sundry Creditors	25,000
Fixed Assets:	
Pune Property	1,60,000
Bombay Property	1,20,000
Plant and Machinery	1,50,000
Investments: 10% Govt. loan earmarked against Workmen's compensation Fund	30,000

The following scheme of reconstruction was duly approved :

(i) Equity shares were to be reduced to 1 each.

(ii) Preference shares were to be reduced by 2 per share.

(iii) Debenture holders were to forgo their unpaid interest 5,200 which is included in sundry creditors.

(iv) 'B' Debenture holders agreed to take over the Bombay property at 50,000 and paid the balance amount due from them in cash.

(v) Workmen's compensation fund (Bombay) disclosed the fact that actually there was a liability of 2,000 only. As a result the relevant fund amount balance was to be brought down to the required amount. Investments were realised at 10% above the book value.

(vi) The Plant and machinery were to be written down by ₹90,000.

(vii) Any balance remaining was to be applied as to 75% in writing down Pune property and 25% transferred to capital reserve.

You are required to pass the necessary journal entries and prepare the Balance Sheet after reconstruction. (15)

(b) Define amalgamation in the nature of merger specifying its conditions. (3)

5. (a) Information relating to segments of V Ltd is as under :

(Rs in Lakhs)

Segments	A	B	C	D	E	F	G	TOTAL
Segments Revenue	500	150	50	80	70	60	90	1000
Segments Result	40	(60)	90	10	(12)	11	9	88
Segments Assets	40	50	130	20	20	15	25	300

The company management wishes to know from you which segments need to be reported. Comment. Will your answer be any different if in last year company had A, B and D as reportable segments. (8)

(b) List out different types of capitals that needs to be reported in integrated reporting. Explain any two. (7)

OR

Write short note on : (5×3)

(i) Board of Directors' Report

(ii) Components of Segment Reporting as per AS 17

(iii) Sustainability Reporting