[This question paper contains 32 printed pages.]

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

Sr. No. of Question Paper : 559 **H**

Unique Paper Code : 52414403

Name of the Paper : Corporate Accounting

Name of the Course : **B.Com. – CBCS**

Semester : IV

Duration : 3 Hour

Maximum Marks : 75

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt **All** Questions.
3. Use of simple calculator is allowed.
4. 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 प्रश्न कीजिए ।
3. साधारण कैलकुलेटर उपयोग की अनुमति है ।
4. इस प्रश्न-पत्र का उत्तर अंग्रेजी या हिंदी किसी एक भाषा में दीजिए, लेकिन सभी उत्तरों का माध्यम एक ही होना चाहिए ।

1. (a) The books of Rishi Ltd. showed the following balances on 31st March, 2022 :

Particulars	₹
i. 2,00,000 Equity shares of ₹ 10 each fully paid	20,00,000
ii. 10,000, 9.5% Redeemable Preference Shares of ₹100 each fully paid	10,00,000
iii. General Reserve	15,00,000
iv. Surplus Account	4,00,000
v. Securities Premium	2,00,000
vi. Investment (Market Value 5,60,000)	6,00,000
vii. Cash at Bank	4,60,000

On 1st April, 2022 the Board of Directors decided to redeem Preference Shares at a premium of 10%. In order to pay off the Preference Shareholders the company decided to sell the investments at market price and issue 20,000 Equity Shares of ₹10 each at par. Company also issued 2,000 8% Debentures of ₹100 each at par. Further, on 30th June 2022 company issued a bonus share ₹10 each for every two shares held on that date. It was decided that general reserve be used as minimum as possible for this purpose.

Show necessary Journal entries to record the transactions. (9)

(b) Comment on the following, stating whether the company's action is correct or faulty and give relevant explanation related to the action :

(i) N Ltd. had issued in 2018, 15,000 12% preference shares of ₹100 each, ₹80 paid up. The shareholders in general meeting passed a resolution stating that the company need not make any calls on these shares and these shares be redeemed forthwide out of profits.

(ii) Redemption of 10,000 preferences of ₹100 each was carried out by utilization of general reserve and by issue of 4,000 equity shares of ₹100 each at ₹125 per share. The company credited to the capital redemption reserve account ₹5,00,000.

(iii) Redemption of ₹10,00,000 preference shares was carried out by the issue of 5,000 equity shares of ₹100 each at par. The company credited the capital redemption reserve account by ₹5,00,000 by debiting surplus account. (2×3=6)

OR

(a) Following information is available from the books of Ashish limited :

	₹
2,40,000 Equity shares of ₹10 each	24,00,000
Securities premium account	1,40,000
General reserve	7,00,000

The company decides to buy back 25% of the equity capital at the rate ₹12 per share. Record all the transactions relating to buy-back in the books of the company in accordance with the provisions of Section 68 of the Companies Act, 2013. (5)

(b) Geetika ltd. has 5000, 10% debentures of ₹100 each outstanding. The interest on these debentures is paid half yearly on June 30th and December 31st every year. The company is not maintaining any sinking fund for redemption of debentures. On 1st April 2021, the company purchased 500 debentures @ ₹95 each cum-interest for immediate cancellation and on 1st October 2021, the company purchased 600 debentures @ ₹90 each ex-interest for immediate cancellation. You are required to record the payment of interest on June 30th and December 31st and entries for purchase and cancellation of debentures assuming redemption is made out of profits. (7)

(c) Differentiate between rights issue and bonus issue. (3)

2. The following balances are extracted from the books of Chaman Ltd. for the year ended 31st March 2022.

Particulars	Dr. (₹)	Cr. (₹)
Building	12,00,000	
Furniture	1,20,000	
Motor vehicle	1,15,000	
Investments long-term	8,05,000	
Purchases	15,00,000	
Stock in trade at cost (01.04.2021)	8,00,000	
Debtors considered good	5,60,000	
Advance against construction of building	2,60,000	
Cash and bank balance	3,44,000	
Share capital (2,00,000 Equity shares of ₹ 10 each)		20,00,000
Creditors		7,00,000
Sales		35,00,000
Surplus account (01.04.2021)		40,000
Dividend received on investments		20,000
Salaries and wages	4,40,000	
Directors fees	16,000	
Electricity charges	50,000	
Rates taxes and insurance	20,000	
Auditors fees	30,000	
Total	**62,60,000**	**62,60,000**

Additional information :

(i) Provide depreciation @ 10% on fixed assets.

(ii) Stock has been valued at ₹7,20,000 on 31.03.2022.

(iii) Debtors of ₹1,60,000 are due for more than six months.

(iv) Provide for taxation ₹4,96,000 on the profits earned during the current year.

(v) Accrued interest on investment not yet recorded in the books amounted to ₹5,000.

(vi) The board of directors proposed a final dividend @ 8% after transfer to general reserve ₹55,000.

(vii) Authorized capital is 3,00,000 equity shares of ₹10 each. The company had issued 2,00,000 shares of ₹10 each.

Prepare statement of Profit and Loss for the year ended 31st March 2022 and Balance Sheet as per Schedule III as on that date. (15)

OR

Following balances appeared in the books of Vineet limited as on 31st March 2022

Debit Balances	₹	Credit Balances	₹
Building at Cost	3,50,000	Equity Share Capital (Fully Paid Shares of ₹ 10 each)	6,00,000
Purchases	5,00,900	General Reserve	4,50,000
Salaries and Wages	3,59,000	Unclaimed Dividend	6,520
Repairs to Building	26,810	Trade Payable	37,880
Miscellaneous Expenses	31,070	Sales	10,83,920
Machinery at Cost	2,00,000	Provision for Depreciation	71,000
Furniture at Cost	35,000	Interest on Investments	8,340
Opening Stock	1,72,050	Surplus in the statement of profit and loss on 1-4-2021	16,840
Trade Receivables	2,24,380	Staff Provident Fund	37,500
Investments (Long Term)	2,88,950		
Advance Payment of Tax	50,000		
Cash Balance	72,240		
Directors Fees	1,600		
	23,12,000		23,12,000

From these information and the following information, prepare the company's balance sheet as on 31st March 2022 and its statement of profit and loss account for the year ended on that date :

(a) Stock in trade as on 31st March 2022 was valued at ₹1,48,680.

(b) Provide ₹10,000 for depreciation on fixed assets, ₹2,800 for directors' fees and ₹8,200 for the company's contribution to staff Provident fund.

(c) Interest accrued on investment amounted to ₹4,750.

(d) A provision of ₹55,000 for taxes in respect to the profit earned during the year 2021-2022 is to be made.

(e) The board of directors proposed a final dividend @ 8% after transfer to general reserve ₹20,000.

(f) A claim of ₹2,500 for workman's compensation is being disputed by the company.

(g) Authorized capital is 80,000 equity shares of ₹10 each. The company had issued 60,000 shares of ₹10 each. (15)

3. (a) From the following information of MR Ltd, prepare a cash flow statement as per AS-3

Particulars	31.03.2023 ₹	31.03.2022 ₹
Equity Share Capital	1,25,000	75,000
8% Preference Share Capital	50,000	75,000
General Reserve	31,500	23,500
Profit and Loss Account	13,500	9,000
Capital Reserve	12,500	-
Trade Payables	32,500	22,000
Dividend Payable	2,000	-

Provision for Tax	16,000	14,000
Land and Building	37,500	50,000
Machinery	95,500	45,000
Intangible Assets (Goodwill)	23,500	30,000
Non-Current Investments	17,500	5,000
Inventories	39,000	42,500
Trade Receivables	54,000	37,500
Cash and Cash Equivalents	16,000	8,500

Additional Information :

(i) A piece of land has been sold out and the balance has been revalued, profit on such sale and revaluation being transferred to Capital Reserve. There is no other entry in Capital Reserve Account

(ii) A plant was sold for ₹6,000 (Written Down Value being ₹7,500)

(iii) ₹9,000 depreciation has been written off Plant and Machinery and no depreciation has been charged on Land and Building

(iv) Dividend received amounted to ₹1,050 which included pre-acquisition dividend of ₹300

(v) An Interim dividend of ₹5,000 has been paid. Final Dividend (Equity and

Preference Share Capital) paid during the year ₹11,500. (10)

(b) Write a short note on book building and reverse book building. (5)

OR

(a) From the following information, calculate :

(i) Cash Flows from Investing Activities

(ii) Cash Flows from Financing Activities

Particulars	31st March 2023	31st March 2022
	₹	₹
Plant & Machinery	6,80,000	5,60,000
Accumulated Depreciation on Plant and Machinery	1,70,000	1,48,000
Equity Share Capital	12,00,000	10,00,000
Loan from Bank	2,00,000	1,50,000

Additional Information :

(i) During the year a machine costing ₹1,20,000 was sold at a gain of ₹15,000. Depreciation on Plant & Machinery during the year amounted to ₹50,000

(ii) Interest paid on Bank Loan amounted to ₹30,000

(iii) Dividend paid ₹80,000

(iv) Underwriting commission on Equity Shares issue ₹10,000 (7)

(b) From the following information, calculate Net Profit before Taxation and Extraordinary Item :

Particulars	Closing	Opening
	₹	₹
Reserve	4,44,000	2,20,000
Profit & Loss Account	6,72,000	2,00,000

Dividend Paid During the year-	
Final	1,20,000
Interim	1,80,000
Provision for Tax for the current year	3,00,000
Refund of Tax	6,000
Loss due to Fire	4,00,000
Insurance Proceeds from Fire settlement	2,00,000

(3)

(c) How are Right shares different from Bonus Shares? (5)

4. The following are the balance sheets of A Ltd and B Ltd as on 31st March, 2022 :

Particulars	**Note No.**	A Ltd (₹)	B Ltd (₹)
I EQUITY AND LIABILITIES			
Shareholder's Funds			
(a) Share Capital			
Equity Shares of ₹100 each		8,00,000	12,00,000
7% Preference Shares of ₹100 each		4,50,000	6,00,000
(b) Reserves and Surplus			
General Reserve		70,000	80,000
Surplus Account		45,000	62,000
Statutory Reserves		27,000	48,000
Non-Current Liabilities			
Long-term Borrowings (10% Debentures)		1,50,000	84,000
Current Liabilities			
Trade Creditors		75,000	1,20,000
Bills Payable		25,000	35,000
Total		**16,42,000**	**22,29,000**

II ASSETS			
Non-Current Assets			
(a) Property, Plant, and Equipment (Tangible Assets)			
Premises		6,50,000	7,00,000
Plant and Machinery		4,80,000	6,20,000
Computers		1,20,000	2,00,000
(b) Intangible Assets-Goodwill		60,000	1,00,000
Current Assets			
(a) Inventory (Stock-in-trade)		1,80,000	2,50,000
(b) Bills Receivables		30,000	20,000
(c) Cash and Cash Equivalents (Cash at Bank)		12,000	24,000
(d) Debtors		1,10,000	3,15,000
Total		**16,42,000**	**22,29,000**

B Ltd. takes over A Ltd. On 1st April 2022 on the following terms as given below :

(i) B Ltd. discharged Purchase Consideration as under:

(a) Issued 10,000 equity shares of ₹100 each at a premium of 5% to the equity shareholders of A Ltd.

(b) Issued 8% preference shares of ₹100 each at par to discharge the preference shareholders of A Ltd. at a 10% premium.

(ii) The debenture holders of A Ltd. are to be converted into the equivalent number of debentures of B Ltd.

(iii) The statutory reserves are to be maintained for two more years.

(iv) Sundry Debtors of B Ltd. include ₹25,000 being amount due from A Ltd.

(v) Bills payable of A Ltd includes ₹7,000 being the amount of bills accepted in favour of B Ltd. but the bills receivable of B Ltd includes ₹5,000 only being the amount of bills due from A Ltd.

(vi) The stock of B Ltd. includes ₹30,000 worth of goods purchased from A Ltd on which A Ltd. made a profit of 25% on cost.

You are required to

(a) Calculate Purchase consideration.

(b) Prepare realisation account and Equity Shareholder's account.

(c) Pass Journal entries in the books of B Ltd. assuming that amalgamation is in the nature of the purchase. (15 marks)

OR

The following is the Balance sheet of Radha Ltd as on 31st March, 2021 :

Particulars	**(₹)**
I EQUITY AND LIABILITIES	
Shareholder's Funds	
(a) Share Capital	
10,000 Equity Shares of ₹100 each	10,00,000
(b) Reserves and Surplus	
Surplus Account	(5,76,000)
Non-Current Liabilities	
Long-term Borrowings (12% Debentures)	2,00,000
Current Liabilities	
Trade Creditors	72,000
Interest Accrued on Debentures	24,000
Total	**7,20,000**

II ASSETS	
Non-Current Assets	
(a) Property, Plant, and Equipment (Tangible Assets)	1,00,000
(b) Non-Current Investments	-
Current Assets	
(a)Inventory (Stock-in-trade)	3,20,000
(b)Cash and Cash Equivalents (Cash at Bank)	30,000
(d)Debtors	2,70,000
Total	**7,20,000**

It was decided to reconstruct the company for which necessary resolution was passed and sanctions were obtained from appropriate authorities and the following scheme for reconstruction was agreed :

(a) Each share is Sub-divided into 10 fully paid equity shares of ₹10 each.

(b) After sub-division, each shareholder shall surrender to the company 50% of his holding for the purpose of re-issue to debenture holders and creditors.

(c) Out of shares surrendered 10,000 shares of ₹10 each share be converted into 12% Preference shares of ₹10 each fully paid.

(d) The claims of the debenture holders shall be reduced by 75%. In consideration of the reduction, the debenture holders shall receive preference shares of ₹1,00,000 which are converted out of shares surrendered.

(e) Creditors claims shall be reduced to 50%, balance to be settled by the issue of equity shares of ₹10 each out of the shares surrendered.

(f) Balance of Surplus account to be written off.

(g) The shares surrendered and not re-issued shall be cancelled.

Give Journal entries to record above transactions and also prepare Reconstruction Account. (15)

5. A Ltd. acquired 32,000 equity shares of ₹10 each is B Ltd. on 1st October, 2020 for ₹6,00,000. The balance sheet of the two companies as on 31st March 2021 were as follows :

Particulars	A Ltd (₹)	B Ltd. (₹)
I EQUITY AND LIABILITIES		
Share Capital (₹10 each fully paid up)	10,00,000	4,00,000
General Reserve (1-04-2020)	4,80,000	2,00,000
Profit and Loss Account	1,20,000	1,80,000
Unclaimed Dividend	–	2,000
Bills Payables	–	30,000
Sundry Creditors	4,00,000	88,000
Total	**20,00,000**	**9,00,000**
II ASSETS		
Land &Building	4,00,000	4,40,000
Plant, and Machinery	6,00,000	3,00,000
Investments (Including Investments in Equity Shares of B Ltd)	8,00,000	–
Stock-in-trade	50,000	30,000
Trade Receivables	10,000	20,000
Debtors	40,000	50,000
Cash and Cash Equivalents (Cash at Bank)	1,00,000	40,000
Preliminary Expenses	–	20,000
Total	**20,00,000**	**9,00,000**

Note: Contingent Liability for Bills Discounted ₹20,000

Additional Information :

(a) On 1st April 2020 the Profit and Loss Account of B Ltd. showed a credit balance of ₹70,000 out of which a dividend of 10% was paid on 1st November 2020. The dividend was credited by A Ltd. to its Profit and Loss Account.

(b) Creditors of B Ltd. include an amount of ₹30,000 for purchase from A Ltd. The goods are still unsold on 31st March 2021. A Ltd sells the goods at cost plus 20%.

(c) Bills Payable of B Ltd. are all issued in favour of A Ltd. Of these bills, A Ltd. got discounted bills worth ₹20,000.

Prepare the Consolidated Balance Sheet of A Ltd. and its Subsidiary B Ltd. as at 31st March 2021. Show your workings. (15)

OR

(a) The following items are extracts from Balance Sheet of H Ltd. and S Ltd. as on 31st March, 2023 :

Particulars	H Ltd (₹)	S Ltd (₹)
Equity Shares of ₹10 each fully paid up	10,00,000	7,00,000
General reserve	2,00,000	4,48,000
Surplus i.e. balance in the statement Profit & Loss Account	3,10,000	1,52,000
12% Debentures (₹100 each)	2,00,000	2,00,000
Bills Payables	1,40,000	1,40,000
Trade Creditors	3,00,000	5,35,000
Land and Building	6,00,000	2,70,000
Machinery	2,00,000	3,70,000
Investment (Shares of S Ltd.)	5,00,000	–
900, 12% Debentures in S Ltd.	80,000	–
Stock-in-trade	1,00,000	3,00,000
Trade Debtors	4,00,000	9,10,000
Bills Receivables	1,00,000	1,00,000
Cash and Cash Equivalents (Cash at Bank)	1,70,000	2,25,000

Additional Information :

(i) H Ltd acquired 30,000, Equity shares in S Ltd on 1st July, 2022. The credit balance of Profit and Loss Account of S Ltd as on 1st April, 2022 was ₹2,00,000 and that of General Reserve on that date was ₹6,00,000.

(ii) On 30th September, 2022, S Ltd declared dividend @ 20% on equity shares for the year 2021-22. H Ltd credited the receipt of dividend to its Profit and Loss Account.

(iii) On 1st January, 2023, S Ltd issued 2 shares for the every 5 shares held, as bonus shares. No entry has been made in the books of H Ltd. for the receipt of these Bonus shares.

(iv) H Ltd purchased goods for ₹3,00,000 from S Ltd which made at a profit of 20% on cost. 80% of these goods were sold by H Ltd at a profit of 20% on cost till 31st March, 2023.

(v) On 1st January, 2023, H Ltd sold to S Ltd a machine costing ₹2,40,000 at a profit of 25% on selling price. Depreciation @ 10% p.a was provided by S Ltd on this machine.

(vi) H Ltd owed S Ltd ₹2,90,000 but S Ltd is owed ₹3,00,000 by H Ltd.

(vii) All the Bills payables of S Ltd were drawn upon by H Ltd.

Show the calculation of the Cost of control and Minority Interest that will be taken into consolidated Balance sheet of H Ltd. and its subsidiary S Ltd. (12)

(b) Give any 3 points of differences between AS -21 and Ind AS-110 related to consolidated financial statements. (3)