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Neeta Ltd. purchased 80% shares of Kruti Ltd. on the date of above balance sheets. Bills payable of Kruti Ltd. include bills of Rs. 2,000 payable to Neeta Ltd. Debtors of Neeta Ltd. include Rs.10,000 receivable from Kruti Ltd. Prepare consolidated balance sheet.

- Q.6 Attempt any two:
- What is Amalgamation? Describe types of amalgamation. **5**
  - What is the difference between 'Internal Reconstruction' and 'External Reconstruction'? **5**
  - Vikram Ltd. had authorised capital divided into 1,00,000 shares of Rs. 10 each. All these shares were issued and were paid up Rs. 8 per share. The company decided to pay off Rs. 3 per share and to reduce the Rs. 10 share to Rs. 5 share fully paid up by cancelling unpaid amount. There was credit balance of 4,00,000 in its profit & loss account. Pass necessary journal entries and show how share capital will appear in the balance sheet after conversion. **5**

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Total No. of Questions: 6

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Enrollment No.....



Faculty of Commerce  
End Sem Examination Dec-2023  
CM3CO09 Corporate Accounting

Programme: B.Com. (Hons.) Branch/Specialisation: Commerce

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

- Discount allowed on re-issue of forfeited shares is debited to: **1**
  - Share Capital A/C
  - Share Forfeiture A/C
  - Statement of P&L
  - General Reserve A/C
- Debentures cannot be redeemed at: **1**
  - Par
  - Premium
  - Discount
  - More than 10 % Premium
- Which of the following is included in intangible fixed assets? **1**
  - Goodwill
  - Copyrights & Patents, Mining Rights
  - Brands/Trademarks
  - All of these
- Which of the following expenses is not distributed based on time? **1**
  - Rent
  - Stationary Expenses
  - Salary
  - None of these
- The basis for the valuation of goodwill is: **1**
  - Profit
  - Shares
  - Debentures
  - None of these
- In comparison to face value, the valuation of shares are usually: **1**
  - Less
  - More
  - Equal
  - Less or More
- Pre acquisition profit is called \_\_\_\_\_ profit. **1**
  - Capital
  - Revenue
  - Normal
  - None of these
- Section related to preferential creditors is: **1**
  - 327
  - 328
  - 235
  - 240
- The main object of amalgamation is: **1**
  - To minimise the expenses
  - To stop competition
  - To facilitate distribution
  - All of these

P.T.O.

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- x. When company is internally re-organised without liquidation it is termed as- **1**  
 (a) Amalgamation (b) Absorption  
 (c) Internal Reconstruction (d) External Reconstruction
- Q.2 i. What do you mean by forfeiture of shares? **2**  
 ii. What are different methods of redemption of preference shares? **3**  
 iii. What is debentures? Explain the features and kinds of debentures. **5**  
 OR iv. What entries can be made for the following redemption made by the company? **5**  
 (a) In 2021 X Ltd. redeemed Rs. 1,00,000 preference shares by converting them into equity shares issued at 25% Premium.  
 (b) In 2022 X Ltd. redeemed 10,000 preference shares of Rs. 10 each at a premium of Rs. 1.25 per share by converting into equity shares of Rs. 10 each issued at 25% Premium.
- Q.3 i. How is the profit or loss computed for the pre-incorporation period? **2**  
 ii. Discuss the main items of Balance Sheet of a Company and Give a specimen of Company's balance Sheet according to the companies act 2013. **8**  
 OR iii. Sudhir Ltd. is incorporated on 1st August, 2021. From 1st April, 2021 it purchased the business of Susheel Ltd. for Rs. 8,00,000 out of which Rs. 6,40,000 was paid by fully paid equity shares and balance was paid in cash. Company also issued equity shares of Rs.6,00,000 for cash to Public. Stock of Rs. 80,000, Machinery of Rs. 6,00,000 and Debtors of Rs.50,000 are acquired from vendors. **8**  
 Purchasing Company installed a new machine of Rs. 4,00,000. During the year 2021-22, total cash sales were Rs. 20,00,000. The sales per month in the first half of the year were half of what they were in the latter half year. The net profit of the company after charging the following expenses was Rs. 1,80,000: Directors' fees Rs. 40,000; Office Expenses Rs. 15,000; Preliminary Expenses Rs. 13,000; Depreciation Rs. 72,000; Selling expenses Rs. 36,000. Interest to vendors upto 31st August, 2021 Rs. 4,000. Closing Stock is valued at Rs. 80,000. Find out profit before and after incorporation and prepare a B/S of the Purchasing Company as at 31st March, 2022.
- Q.4 i. What is goodwill and capitalisation of average profit method? **3**  
 ii. What do you mean by valuation of shares? Describe the requirement and method of valuation of shares. **7**  
 OR iii. The following particulars are available in respect of Garg & Garg Company of Bhopal: **7**

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- (a) Profits for past three years Rs.50,000, Rs.60,000 and Rs.55,000 respectively.  
 (b) Normal rate of return 10%  
 (c) Average capital employed Rs. 3,00,000  
 (d) The profits included non-recurring profits on an average basis of Rs. 4,000 out of which it was deemed that even non-recurring profits had a tendency of appearing at the rate of Rs. 1,000 p.a.  
 Compute Goodwill from the following methods:  
 (a) as per five years' purchase of Super Profit  
 (b) as per capitalisation of Super Profit  
 (c) as per annuity method.

- Q.5 i. What is holding company? Explain the circumstances under which one company controls the other. **4**  
 ii. What is the concept of winding up of company? Explain the types of liquidation. **6**  
 OR iii. Following are the balance sheets of Neeta Ltd. and its subsidiary company Kruti Ltd :- **6**

Particulars	Neeta	Kruti
<b>1. EQUITY AND LIABILITIES</b>		
<b>Shareholders' fund</b>		
(a) Share capital	8,00,000	3,20,000
(b) Reserves and surplus: Profit and loss account	1,60,000	80,000
<b>Current liabilities</b>		
Creditors	22,000	20,000
Bills payable	8,000	5,000
Loan from Neeta Ltd	-	20,000
<b>TOTAL</b>	<b>9,90,000</b>	<b>4,45,000</b>
<b>II. ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets		
Plant and machinery	5,00,000	3,40,000
Furniture	60,000	50,000
Non current investments Shares in Kruti Ltd.	3,40,000	-
<b>Current assets</b>		
Debtors	50,000	40,000
Bills Receivables	20,000	15,000
Loan to Kruti Ltd	20,000	-
<b>TOTAL</b>	<b>9,90,000</b>	<b>4,45,000</b>

**Marking Scheme**  
**CM3CO09 Corporate Accounting**

				Calculation Work	1 Marks	
				Balance Sheet Rs. 13,80,200	3 Marks	
Q.1	i)	(b) Share Forfeiture A/C	1			
	ii)	(c) Discount	1	Q.4	i.	Meaning of Goodwill 1.5 Marks <b>3</b>
	iii)	(d) All of these	1		ii.	Capitalisation of average profit method 1.5 Marks
	iv)	(d) None of the above	1			Meaning of valuation of shares 1.5 Marks <b>7</b>
	v)	(a) Profit	1			Requirement of Valuation of shares 2.5 Marks
	vi)	(d) Less or More	1	OR	iii.	Method of valuation of shares 3 Marks
	vii)	(a) Capital	1			Calculation of Super Profit 1 Marks <b>7</b>
	viii)	(a) 327	1			As per ..... Rs. 1,10,000 2 Marks
	ix)	(d) All of the above	1			As per .....2,20,000 2 Marks
	x)	(c) Internal Reconstruction	1			As per ..... Rs. 83,160 2 Marks
Q.2	i.	Meaning of forfeiture of shares (As per explanation)	2	Q.5	i.	Meaning of holding company 1 Marks <b>4</b>
	ii.	Methods ..... shares (As per explanation)	3		ii.	Circumstances ..... other 3 Marks
	iii.	Meaning, ..... debentures. (As per explanation)	5			Meaning of winding up of company 2 Marks <b>6</b>
OR	iv.	2 Entries for Point No (i) 2 Marks	5	OR	iii.	Types of liquidation 4 Marks
		3 Entries for Point No (ii) 3 Marks				Consolidated B/S Rs. 10,83,000 4 Marks <b>6</b>
						Working Note 2 Marks
Q.3	i.	Computation ..... period (As per explanation)	2	Q.6	i.	Meaning of Amalgamation 2 Marks <b>5</b>
	ii.	Items of Balance Sheet 3 Marks	8		ii.	Types of amalgamation 3 Marks
		Specimen of Company's balance Sheet 5 Marks				Difference ..... Reconstruction' (As per explanation) <b>5</b>
OR	iii.	Profit : Pre-Incorporation Rs.39,800 2 Marks	8		iii.	Journal Entries 4 Marks <b>5</b>
		Profit : Post-Incorporation Rs.1,40,200 2 Marks				Showing in B/S 1 Marks
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