

2011

COMMERCE

Paper : BC-2.1

( Corporate Accounting )

( PART : A—OBJECTIVE )

( Marks : 40 )

*The figures in the margin indicate full marks for the questions*

SECTION—I

( Marks : 10 )

1. State whether the following statements are *True (T)*  
or *False (F)* by putting a Tick (✓) mark : 1×5=5

(a) Dividend can be paid on calls-in-advance.

( T / F )

(b) Funds Flow Statement and Cash Flow Statement  
are one and the same.

( T / F )

(c) Interest on debentures is payable only when there is profit.

( T /  F )

(d) Indian Accounting Standard-14 (AS 14) deals with accounting for amalgamations.

(  T / F )

(e) Preference share can be redeemed only when they are fully paid up.

(  T / F )

2. Fill in the blanks :

1×5=5

(a) The collective interest of the outside shareholders in the Subsidiary Company is

called Minority Interest ..

(b) Internal reconstruction is generally resorted to

write off the Creditors ..

(c) Increase in Working Capital is a  
application ..... of funds.

(d) If a transaction involves current assets  
and non-current assets, there will  
be .....

(e) Notice on redemption of preference shares must  
be sent to the Registrar of Companies within  
30 ..... days from the  
date of redemption.

( 4 )

SECTION—II

( Marks : 30 )

3. Write on the following in not more than 5 sentences  
each : 3×10=30

(a) Sinking Fund for Redemption of Debentures

( 5 )

(b) Forfeiture of Shares

II/BCO (v)/110



( 6 )

(c) Goodwill

II/BCO (v)/110

( 7 )

(d) Contingent Liability

( 8 )

(e) Deferred Revenue Expenditure



( 9 )

(f) Cash Flow Statement

( 10 )

(g) Preliminary Expenses

( 11 )

(h) Consolidated Balance Sheet

( 12 )

(i) Internal and External Reconstruction

II/BCO (v)/110

( 13 )

(j) Valuation of Shares

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g11-300/110

II/BCO (v)

**2011****COMMERCE**

Paper : BC-2.1

**( Corporate Accounting )**Full Marks : 100Pass Marks : 30

Time : 3 hours

**( PART : B—DESCRIPTIVE )**

( Marks : 60 )

*The figures in the margin indicate full marks  
for the questions*Answer any **three** questions

1. From the Balance Sheets and information given below, prepare Consolidated Balance Sheet : 20

*Balance Sheets as at 31st March, 2009*

<i>Liabilities</i>	<i>H Ltd.</i>	<i>S Ltd.</i>	<i>Assets</i>	<i>H Ltd.</i>	<i>S Ltd.</i>
	Rs	Rs		Rs	Rs
Share Capital :			Fixed Assets	4,00,000	60,000
Shares of Rs 10			Stock	3,00,000	1,20,000
each fully paid	5,00,000	1,00,000	Debtors	75,000	85,000
Reserve	60,000	30,000	Bills		
Profit and Loss			Receivables	20,000	—
Account	2,00,000	60,000	Shares in <i>S Ltd.</i>		
Creditors	1,10,000	60,000	7500 at cost	75,000	—
Bills Payable	—	15,000			
	<u>8,70,000</u>	<u>2,65,000</u>		<u>8,70,000</u>	<u>2,65,000</u>

g11—300/110a

( Turn Over )



*Additional information :*

- (i) The bills accepted by S Ltd. are all in favour of H Ltd.
- (ii) The stock of H Ltd. includes Rs 25,000 bought from S Ltd. at a profit to latter of 20% on sales
- (iii) All the profits of S Ltd. have been earned since the shares were acquired by H Ltd., but there was already the reserve of Rs 30,000 at that date

2. A company issued for public subscription 40000 equity shares of Rs 10 each at a premium of Rs 2 per share payable as under :

On application	Rs 2 per share
On allotment	Rs 5 per share (including premium)
On first call	Rs 2 per share
On second call	Rs 3 per share

Applications were received for 60000 shares. Allotment was made pro-rata to the applicants for 48000 shares, the remaining applications being refused. Money overpaid on application was utilized towards sum due on allotment.

Mr. Sailo, to whom 1600 shares were allotted, failed to pay the allotment money and first and second calls money and Mr. Ralte, to whom 2000 shares were allotted, failed

to pay the two calls. These shares were subsequently forfeited after the second call was made. All the forfeited shares were reissued at Rs 8 per share.

Show the Journal entries to record the above transactions. 20

3. The following is the Balance Sheet of X Ltd. as on 31st December, 2010 :

*Balance Sheet of X Ltd.*

<i>Liabilities</i>	<i>Rs</i>	<i>Assets</i>	<i>Rs</i>
Share Capital :		Land and Building	1,00,000
12000 shares of		Plant and Machinery	40,000
Rs 10 each		Stock	20,000
fully paid	1,20,000	Debtors	20,000
Profit and Loss			
Account	4,000		
Creditors	30,000		
Bank Overdraft	26,000		
	<u>1,80,000</u>		<u>1,80,000</u>

The company went into liquidation and the business was sold to Y Ltd. on a consideration of Rs 60,000 in cash and 6000 shares of Rs 10 each at a market price of Rs 12.50 per share. The cost of liquidation amounted to Rs 5,000.

Show Journal entries to close the books of X Ltd. and show the entries for recording the transactions in the books of Y Ltd. 20

4. From the following information, prepare schedule of changes in working capital and statement showing sources and application of fund for the year ended on 31st December, 2009 with full working details : 20

<i>Liabilities</i>	2008	2009	<i>Assets</i>	2008	2009
	Rs	Rs		Rs	Rs
Share Capital	4,50,000	4,50,000	Fixed Assets	4,00,000	3,20,000
General Reserve	3,00,000	3,10,000	Investments		
Profit and Loss			(non-current)	50,000	60,000
Account	56,000	68,000	Inventories	2,40,000	2,10,000
Creditors	1,68,000	1,34,000	Debtors	2,10,000	4,55,000
Provision for Tax	75,000	10,000	Bank	1,49,000	1,97,000
Mortgage Loan	—	2,70,000			
	<u>10,49,000</u>	<u>12,42,000</u>		<u>10,49,000</u>	<u>12,42,000</u>

*Additional information :*

- (i) Investments costing Rs 8,000 were sold during the year 2009 for Rs 8,500
- (ii) Provision for taxation made during the year was Rs 9,000
- (iii) During the year, part of the fixed assets having the book value of Rs 10,000 was sold for Rs 12,000. The profit was included in Profit and Loss Account
- (iv) Dividend paid during the year amounted to Rs 40,000
5. (a) State the legal provisions under which Redeemable Preference Shares can be redeemed. 10
- (b) What are the factors that influence valuation of Goodwill? 10

6. The Alfa Company Ltd. was registered with an authorized capital of Rs 6,00,000 in equity shares of Rs 10 each. The following is the Trial Balance drawn up on 31st March, 2009 :

	<i>Dr.</i>	<i>Cr.</i>
	Rs	Rs
Subscribed and fully called-up capital		4,00,000
Calls-in-arrears	7,500	
Wages	84,850	
Freight and Carriage	13,130	
Premises	3,00,000	
Plant and Machinery	3,30,000	
Interim Dividend paid	37,500	
Stock on 1st January, 2009	75,000	
Fixtures	7,200	
Sundry Debtors	87,000	
Goodwill	25,000	
Cash in Hand	750	
Cash at Bank	39,900	
Purchases	1,85,000	
Preliminary Expenses	5,000	
General Expenses	16,860	
Director's Fees	5,700	
Salaries	14,500	
Bad Debts	2,110	
Debenture Interest paid	9,000	
6% Debentures		3,00,000
Profit and Loss Account		14,500
Bills Payable		38,000
Sundry Creditors		50,000
Sales		4,15,000
General Reserve		25,000
Bad Debts Reserve as on 1st January, 2009		3,500
	<u>12,46,000</u>	<u>12,46,000</u>



Prepare a Trading and Profit & Loss Account and Balance Sheet in proper form after making the following adjustments : 20

- (i) Depreciate Plant and Machinery by 10%
- (ii) Write off Rs 500 from Preliminary Expenses
- (iii) Provide half year's Debenture Interest due
- (iv) Provision for Bad and Doubtful Debts to be maintained at 5% on Sundry Debtors. Stock on 31st December, 2009 was Rs 95,000

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