

### 3/COM-201 Syllabus-2023

2025

( Nov-Dec )

**FYUP : 3rd Semester Examination**

MAJOR

**COMMERCE**

**( Corporate Accounting )**

**COM-201**

Marks : 75

Time : 3 hours

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

1. AP Ltd. has an issued share capital of 650, 7% Preference Shares of ₹100 each and 4500 Equity Shares of ₹50 each. The Preference Shares are redeemable at a premium of 10% on 1st April, 2025.

The following balances were extracted from the books of AP Ltd. as on 31st March, 2025 :

| Particulars                         | Amount<br>₹     |
|-------------------------------------|-----------------|
| Authorized Capital :                |                 |
| 5000 Equity Shares of ₹50 each      | 2,50,000        |
| 1000 Preference Shares of ₹100 each | <u>1,00,000</u> |

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| Particulars                              | Amount<br>₹ |
|------------------------------------------|-------------|
| Issued, subscribed and paid-up capital : |             |
| 4500 Equity Shares of ₹ 50 each          | 2,25,000    |
| 650 Preference Shares of ₹ 100 each      | 65,000      |
| Profit and Loss                          | 48,000      |
| Trade Payables                           | 56,500      |
| Tangible Fixed Assets                    | 3,45,000    |
| Current Investments                      | 18,500      |
| Cash and Cash Equivalents                | 31,000      |

In order to facilitate the redemption of the Preference Shares, the company decided :

- (i) To sell all investments for ₹ 16,000
- (ii) To finance part of the redemption from company funds, subject to leaving a balance of ₹ 12,000 in the Profit & Loss A/c
- (iii) To issue sufficient Equity Shares of ₹ 50 each at a premium of ₹ 13 per share to raise the balance of funds required

The Preference Shares were redeemed on due date and the issue of Equity Shares were fully subscribed.

You are required to show the necessary Journal Entries and prepare the company's Balance Sheet. Workings should form part of your answer. 7+5+3=15

( 3 )

Or

- (a) The Balance Sheet of X Ltd. disclosed the following information on 1st January, 2023 :

|                                              | ₹        |
|----------------------------------------------|----------|
| 12% Debenture A/c                            | 7,00,000 |
| Debenture Redemption Fund A/c                | 5,00,000 |
| 12% Debenture Redemption Fund Investment A/c | 5,00,000 |

The annual contribution to the Debenture Redemption Fund was ₹70,000 for the 2023 and 2024. The debentures were redeemable on 31st December, 2024. On 31st December, 2024, the investments were sold for ₹7,00,000 and the debentures were redeemed.

Prepare Debenture A/c, Debenture Redemption Fund A/c and Debenture Redemption Fund Investment A/c for the year 2023 and 2024.  $2+4+4=10$

- (b) What are the right shares? State the provision of the Companies Act, 2013 for the issue of right shares.  $2+3=5$

2. (a) Blue Ltd. was established on 1st August, 2024 and received the certificate of commencement of business on 1st November, 2024. The

company bought the business of M & Co. with effect from 1st April, 2024.

From the following information for the year ended on 31st March, 2025, prepare a Statement of Profit and Loss as per Companies Act, 2013 to find out the profit available for dividends : 12

(i) Sales for the year ₹ 12,00,000 out of which sales up to 1st August, 2024 was ₹ 5,00,000

(ii) Gross Profit for the year was ₹ 3,60,000

(iii) Expenses during the year were as under :

|                                            | ₹      |
|--------------------------------------------|--------|
| Salaries                                   | 24,000 |
| Rent                                       | 12,000 |
| Audit Fees                                 | 12,000 |
| Director's Fees                            | 9,600  |
| Interest on Debenture                      | 10,000 |
| Commission                                 | 19,200 |
| Depreciation                               | 51,000 |
| General Expenses                           | 16,800 |
| Bad Debts (₹ 1,000 prior to incorporation) | 3,000  |

(b) Explain the term 'divisible profits'. 3

( 5 )

Or

The following is the Trial Balance of  
Alpha Ltd. as on 31st March, 2025 :

| Particulars                     | Amount<br>₹      | Particulars                       | Amount<br>₹      |
|---------------------------------|------------------|-----------------------------------|------------------|
| Stock in Trade<br>on 01.04.2024 | 1,50,000         | Purchases                         |                  |
| Purchases                       | 4,90,000         | Returns                           | 20,000           |
| Salaries                        | 60,000           | Sales                             | 6,80,000         |
| Freight,<br>Carriage, etc.      | 1,900            | Discount Received                 | 6,000            |
| Furniture                       | 34,000           | Balance of Profit &<br>Loss (Cr.) | 30,000           |
| Contribution to PF              | 10,000           | Share Capital<br>(₹ 10)           | 2,00,000         |
| Rent and Rates                  | 8,000            | Trade Payables                    | 49,000           |
| Stationery                      | 3,800            | General Reserve                   | 31,000           |
| Repairs                         | 4,000            |                                   |                  |
| Insurance                       | 6,000            |                                   |                  |
| Miscellaneous<br>Expenses       | 300              |                                   |                  |
| Interim Dividend<br>paid        | 18,000           |                                   |                  |
| Staff Welfare<br>Expenses       | 5,000            |                                   |                  |
| Plant and<br>Machinery          | 58,000           |                                   |                  |
| Cash at Bank                    | 92,400           |                                   |                  |
| Patents                         | 9,600            |                                   |                  |
| Trade Receivables               | 65,000           |                                   |                  |
|                                 | <u>10,16,000</u> |                                   | <u>10,16,000</u> |

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( Turn Over )

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You are required to prepare Statement of Profit & Loss for the year ending 31st March, 2025 and Balance Sheet as on that date after taking into consideration the following information : 7+8=15

- (i) Closing Stock as at 31.03.2025 is ₹1,76,000
- (ii) Make a provision for income tax @ 40%
- (iii) Depreciate Plant and Machinery @ 15%, Furniture @ 10% and Patents @ 5%
- (iv) Outstanding rent ₹1,600 and outstanding salaries ₹1,800
- (v) The directors recommended a dividend @ 15% after transfer to General Reserve ₹4,000
- (vi) Provide ₹1,020 for Doubtful Debts

The Authorized Capital of the company is ₹4,00,000 divided into 40000 Equity Shares of ₹10 each of which 20000 shares have been issued and fully paid up.

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3. (a) From the information given below, calculate—

(i) Average Maintainable Profit (after tax);

(ii) Goodwill as per capitalization of average profit method and capitalization of super profit method :  $4+3+3=10$

(1) Capital employed—₹ 14,00,000

(2) Normal rate of profit 10%

(3) Net profits before taxation (tax rate 40%) :

| Year | ₹        |
|------|----------|
| 1st  | 2,20,000 |
| 2nd  | 2,80,000 |
| 3rd  | 2,60,000 |
| 4th  | 3,00,000 |
| 5th  | 2,75,000 |

(4) Non-trading income of ₹ 10,000 and Debenture Interest ₹ 20,000 on an average is included in the Profit & Loss A/c

(b) What are the distinguishing features of Goodwill?

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( 8 )

Or

(a) The Ledger Balances of Weak Ltd. as on 31st March, 2025 are as follows :

| Liabilities                             | ₹                | Assets               | ₹                |
|-----------------------------------------|------------------|----------------------|------------------|
| 3000, 5% Preference Shares of ₹100 each | 3,00,000         | Goodwill             | 22,500           |
| 6000 Equity Shares of ₹100 each         | 6,00,000         | Land and Buildings   | 3,00,000         |
| 6% Debentures                           | 1,50,000         | Machinery            | 4,50,000         |
| Bank Overdraft                          | 1,50,000         | Stock                | 65,000           |
| Creditors                               | 75,000           | Debtors              | 70,000           |
|                                         |                  | Cash                 | 7,500            |
|                                         |                  | Profit & Loss A/c    | 3,50,000         |
|                                         |                  | Preliminary Expenses | 10,000           |
|                                         | <u>12,75,000</u> |                      | <u>12,75,000</u> |

On the above date, the company adopted the following scheme of reconstruction :

(i) The Preference Shares are to be reduced to fully paid shares of ₹75 each and Equity Shares are to be reduced to shares of ₹40 each fully paid

(ii) The debenture holders took over stock and debtors in full satisfaction of their claims

(iii) That Land and Buildings to be appreciated by 30% and Machinery to be depreciated by  $33\frac{1}{3}\%$

(iv) Expenses of reconstruction amount to ₹ 4,500

Give Journal Entries incorporating the above scheme of reconstruction and prepare Reconstructed Balance Sheet.

7+5=12

(b) Mention the various sources that provide working capital during capital reduction.

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4. From the following information, prepare a Cash Flow Statement :

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*Balance Sheet*

| Particulars                                 | Note | 31.03.2024<br>₹ | 31.03.2025<br>₹ |
|---------------------------------------------|------|-----------------|-----------------|
| I. Equity and Liabilities                   |      |                 |                 |
| 1. Shareholders' Funds :                    |      |                 |                 |
| (a) Share Capital                           |      | 3,00,000        | 4,00,000        |
| (b) Reserve and Surplus                     | 1    | 1,02,000        | 1,45,000        |
| 2. Non-Current Liabilities (10% Debentures) |      | 1,50,000        | 1,00,000        |

| Particulars                                      | Note | 31.03.2024<br>₹ | 31.03.2025<br>₹ |
|--------------------------------------------------|------|-----------------|-----------------|
| 3. Current Liabilities :                         |      |                 |                 |
| (a) Trade Payables                               |      | 90,000          | 70,000          |
| (b) Other Current Liabilities (dividend payable) |      | —               | 4,000           |
| (c) Short-term Provisions                        | 2    | 80,000          | 80,000          |
|                                                  |      | <u>7,22,000</u> | <u>7,99,000</u> |
| II. Assets :                                     |      |                 |                 |
| 1. Non-Current Assets :                          |      |                 |                 |
| (a) Tangible Fixed Assets                        |      | 2,98,000        | 4,29,250        |
| (b) Intangible Assets (Goodwill)                 |      | 1,00,000        | 90,000          |
| (c) Non-Current Investments                      |      | 1,00,000        | 60,000          |
| 2. Current Assets :                              |      |                 |                 |
| (a) Inventories                                  |      | 50,000          | 80,000          |
| (b) Trade Receivables                            |      | 1,60,000        | 1,10,000        |
| (c) Cash and Cash Equivalents                    |      | 10,000          | 24,000          |
| (d) Other Current Assets (Prepaid Expenses)      |      | 4,000           | 5,750           |
|                                                  |      | <u>7,22,000</u> | <u>7,99,000</u> |

Notes to A/cs :

| Particulars                | 31.03.2024      | 31.03.2025      |
|----------------------------|-----------------|-----------------|
|                            | ₹               | ₹               |
| 1. Reserve and Surplus :   |                 |                 |
| General Reserve            | 80,000          | 1,00,000        |
| Profit & Loss A/c          | 22,000          | 45,000          |
|                            | <u>1,02,000</u> | <u>1,45,000</u> |
| 2. Short-term Provisions : |                 |                 |
| Proposed Dividend          | 30,000          | 40,000          |
| Provision for Tax          | 50,000          | 40,000          |
|                            | <u>80,000</u>   | <u>80,000</u>   |

Additional Information :

(i) 15% depreciation has been charged on the opening balance of Plant and Machinery

(ii) Old Machinery costing ₹ 50,000 (WDV ₹ 20,000) has been 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

(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 A/c

Or

(a) Prepare Trading and Profit & Loss A/c from the following information : 8

Opening Stock—₹9,200

Closing Stock—₹10,000

Stock Turnover Ratio—20 times

Gross Profit Ratio—36%

Net Profit Ratio—12%

Income Tax Rate—40%

(b) Prepare a Comparative Income Statement from the following information : 7

| Particulars               | 2023   | 2024   |
|---------------------------|--------|--------|
| Gross Sales (in ₹)        | 60,100 | 67,900 |
| Sales Returns (in ₹)      | 2,600  | 1,900  |
| Cost of Goods Sold (in ₹) | 40,000 | 42,000 |
| Operating Expenses (in ₹) | 6,000  | 4,500  |
| Income tax (in %)         | 50     | 50     |

5. Answer any *three* of the following questions :

5×3=15

(a) Distinguish between Bonus Shares and Right Shares.

(b) A company was incorporated on 1st February, 2024 to purchase the business of Das & Sons as from 1st November, 2023 :

There were employees before incorporation but 12 more were appointed on 1st February, 2024.

You are required to ascertain the Weighted time ratio for dividing salaries between the pre- and post-incorporation periods, assuming that the accounts are finalized on 31st October.

(c) The following particulars are available in respect of the business carried on by X interested in selling his business to a company :

(i) Capital invested—₹ 50,000

(ii) Trading Results :

2024—₹ 21,000

2023—₹ 2,000 (Loss)

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2022—₹ 15,000

2021—₹ 12,200

- (iii) Normal rate of return in this type of business—10%

You are required to calculate the value of goodwill by Annuity Method, taking the present value of annuity of ₹ 1 for four years at 10% as 3.17.

- (d) What are the objectives of ratio analysis?

Or

Answer any *three* of the following questions :

5×3=15

- (a) Write a note on Sweat Equity Shares.
- (b) What are the maximum limits of managerial remuneration for companies having adequate profits?
- (c) Explain in brief the reasons for need of internal reconstruction.

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(d) From the following information, calculate Debtors Turnover Ratio and Average Collection Period :

Opening Debtors—₹ 37,000

Closing Debtors—₹ 43,000

Total Sales—₹ 6,00,000

Cash Sales—₹ 80,000

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