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2 SEM TDC CA (CBCS) C 203

2026

(May/June)

COMMERCE

(Core)

Paper : C–203

(Corporate Accounting)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

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

1. (a) Fill in the blanks : 1×4=4

(i) Deficit in statement of Profit and Loss is shown in the Balance Sheet under as deduction from _____.

(ii) _____ liabilities are liabilities which have not arisen, but may arise upon the happening of a certain event.

(iii) Pooling of interest method is applied in case of amalgamation in the nature of _____.

(iv) _____ means a recourse undertaken to make necessary changes in the capital structure of a company.

(b) State 'True' or 'False' : 1×4=4

(i) Depreciation is added back to net profit while calculating cash flow from financing activities.

(ii) When a company goes into liquidation, Assets Backing Method is generally applied for valuation of shares.

(iii) Rebate on bills discounted is in the nature of discount earned but not received.

(iv) At every creditors' meeting of a company, the Board of Directors of the company shall place financial statements for the financial year for its approval.

2. Write short notes on any *three* of the following : 4×3=12

(a) Calls in Arrear vs. Calls in Advance

(b) Conditions of buyback of shares

(c) Investors education and protection funds

(d) Non-banking assets

(e) Statutory liquidity ratio

3. What is meant by issue of debentures as collateral security? Explain different methods of redemption of debentures. 4+8=12

Or

Mr. Ram who was the holder of 200 Preference Shares of ₹ 100 each, on which ₹ 75 per share has been called up could not pay his dues on Allotment and First Call each at ₹ 25 per share. The Directors forfeited the above shares and reissued 150 of such shares to Mr. Rahim at ₹ 65 per share paid-up as ₹ 75 per share.

Give Journal Entries to record the above forfeiture and re-issue in the books of the company. 12

4. The following is the Trial Balance of *ABC* Ltd. as on 31st March, 2022 :

Debit	*Amount* (₹)	*Credit*	*Amount* (₹)
Stock as on 1.4.2021	75,000	Purchase Returns	10,000
Purchases	2,45,000	Sales	3,40,000

Debit	*Amount* (₹)	*Credit*	*Amount* (₹)
Wages	30,000	Discount	3,000
Carriage on Goods Purchased	950	Profit and Loss A/c	15,000
Furniture	17,000	Share Capital (10000 Equity Shares of ₹ 10 each)	1,00,000
Salaries	7,500		
Rent	4,000	Trade Creditors	17,500
Sundry Trade Expenses	7,050	General Reserve	15,500
Dividend paid	9,000	Bills Payable	7,000
Trade Debtors	27,500		
Plant and Machinery	29,000		
Cash at Bank	46,200		
Patents	4,800		
Bills Receivable	5,000		
	5,08,000		5,08,000

Prepare Statement of Profit and Loss after considering the following adjustments : 12

(i) Stock as on 31.3.2022—₹ 88,000

(ii) Provide for Income Tax @ 50%

(iii) Depreciate Plant and Machinery @ 15% and Furniture @ 10%

(iv) Provide ₹ 510 for Doubtful Debts

(*Continued*)

Or

(a) Explain the provisions maintained by banking companies against bank advances. 8

(b) Explain the term 'demand liabilities'. 4

5. The paid-up share capital of a company consists of 1000, 5% Preference Shares of ₹ 100 each and 20000 Equity Shares of ₹ 10 each. In addition to a fixed dividend of 5%, the preference shareholders are also entitled to participate in the profits up to 4% of their paid-up capital after payment of a dividend of 10% on the Equity Shares, any surplus profit being available to equity shareholders.

Annual profit of a company is ₹ 60,000 after providing for depreciation and taxation, and it is considered necessary to transfer ₹ 3,000 per annum to reserve fund. The normal rate of return expected on Preference Share is 8% and that on Equity Share is 10%.

You are required to work out the value of each Preference Share and Equity Share of the company on the basis of dividend rate method. 12

(*Turn Over*)

Or

Explain the difference between direct and indirect methods of reporting cash flows from operating activities as per the Indian Accounting Standard-7.

6. Distinguish between pooling of interest method and purchase method. 12

Or

Give Journal Entries for the following transactions in connection with internal reconstruction : 3×4=12

(i) 10000 Equity Shares of ₹ 10 each fully paid, reduced to shares of ₹ 5 each fully paid

(ii) 100, 8% Debentures of 1000 each converted into 500, 6% Debentures of ₹ 100 each

(iii) The debit balance of Profit and Loss Statement of ₹ 50,000 and the Preliminary Expenses of ₹ 10,000 were written-off

(iv) The value of Plant and Machinery, and Stock were written-down by ₹ 20,000 and ₹ 10,000 respectively

7. What do you understand by 'consolidation of financial statements'? State the advantages of consolidation of financial statements. 4+8=12

Or

The following are the Summarized Balance Sheets of Sun Ltd. and Moon Ltd. as on 31.03.2021 :

Balance Sheets of Sun Ltd. and Moon Ltd.
as on 31.03.2021

Particulars	*Sun Ltd.* (₹)	*Moon Ltd.* (₹)
I. Equity and Liabilities :		
1. Shareholders funds :		
(a) Share Capital (of ₹ 10 each fully paid)	5,00,000	1,00,000
(b) Reserve and Surplus	10,000	40,000
2. Share Application money pending allotment	—	—
3. Non-current Liabilities	—	—
4. Current Liabilities :		
(a) Short-term Borrowings	—	—
(b) Sundry Creditors	20,000	30,000
(c) Bills Payable	—	5,000
	5,30,000	1,75,000
II. Assets :		
1. Non-current Assets :		
(a) Fixed Assets :		
Tangible Assets :		
Land & Building	1,00,000	40,000
Plant & Machinery	1,00,000	50,000
(b) Non-current Investments :		
7500 Equity Shares of Moon Ltd. at cost	80,000	—

Particulars	*Sun Ltd.* (₹)	*Moon Ltd.* (₹)
2. Current Assets :		
(a) Inventories	90,000	30,000
(b) Sundry Debtors	40,000	30,000
(c) Bills Receivable	5,000	—
(d) Cash and Cash Equivalent	1,15,000	25,000
	5,30,000	1,75,000

Sun Ltd. acquired shares in Moon Ltd. on 01.07.2020, when Moon Ltd. had ₹ 10,000 in General Reserves. All bills receivable of Sun Ltd. are drawn on Moon Ltd.

You are asked to prepare Consolidated Balance Sheet of Sun Ltd. and its subsidiary Moon Ltd. as on 31.03.2021. 12

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