

2025

CORPORATE ACCOUNTING — MDC

Paper : MDC-9

Full Marks : 75

*The figures in the margin indicate full marks.**Candidates are required to give their answers in their own words as far as practicable.***Group - A**Answer *any three* questions.

1. H Investments Ltd. holds 1,000, 15% Debentures of ₹ 100 each in Heidelberg Industries Ltd. as on 1st April 2024, at a cost of ₹ 1,05,000. Interest is payable on 31st March and 30th September every year. On 1st May 2024, 500 Debentures are purchased cum-interest at ₹ 53,500. On 1st November 2024, 600 Debentures are sold ex-interest at ₹ 57,300. On 30th November 2024, 400 Debentures are purchased ex-interest at ₹ 38,400.

Prepare Investment Account valuing holdings on 31st March, 2025 at cost (apply Average Cost method). 10

2. B Ltd. issued 75,000 equity shares. The whole issue was underwritten as follows :

Basak - 50%, Banerjee - 25% and Basu - 25%. Applications for 60,000 shares were received in all out of which applications for 15,000 shares had stamp of Basak, those for 7,500 shares had stamp of Banerjee and 15,000 of Basu. Determine the net liability of the underwriters. 10

3. Following is the extract of the Balance Sheet of E Ltd. as at 31st March, 2025 :

Authorized capital :

50,000 12% Preference shares of ₹ 10 each	₹ 5,00,000
4,00,000 Equity shares of ₹ 10 each	₹ 40,00,000
	<u>₹ 45,00,000</u>

Issued and Subscribed capital :

30,000 12% Preference shares of ₹ 10 each, fully paid	₹ 3,00,000
3,60,000 Equity shares of ₹ 10 each, fully paid-up	₹ 36,00,000

Reserves and Surplus :

Capital Redemption Reserve	₹ 2,40,000
General reserve	₹ 3,60,000
Securities premium	₹ 1,00,000
Profit and Loss Account (cr.)	₹ 6,00,000

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The company decided to capitalize its reserves by way of bonus share issue at the rate of one share for every four shares held.

Show necessary journal entries in the books of the company and prepare the extract of the Balance Sheet as on 30th April, 2025 after bonus issue. 10

4. From the following information, you are required to calculate the value of goodwill of D Ltd. assuming that goodwill is to be taken at 5 years' purchase of super profit. 10
- (a) Average Capital Employed in the business ₹ 9,00,000
- (b) Net profit for the past four years : ₹ 1,19,500, ₹ 1,17,000, ₹ 1,22,000 and ₹ 1,23,500
- (c) Expected rate of return 10%.
5. State any five conditions for provisions of buy-back under the Companies Act, 2013. 10

Group - B

Answer *question no. 6* and *any two* questions from the rest.

6. From the undermentioned Trial Balance of Dutta Brothers Ltd., prepare a Statement of Profit and Loss for the year ended March 31, 2025 and the Balance Sheet as at that date : 15

Trial Balance as on 31.03.2025

Debit	₹	Credit	₹
Stock (01.04.2024)	30,000	Equity share capital	1,00,000
Rent and taxes	6,000	(1,000 shares of ₹ 100 each)	
Purchases	60,900	5% Debentures	25,000
Wages and Salaries	55,200	Sales	1,75,000
Discount	1,500	Creditors	8,000
Fuel	2,570	Bank Overdraft	12,000
Building	70,000	Discount	2,200
Carriage	1,175	Transfer fee	100
Sundry debtors	20,000	Returns outward	100
Goodwill	28,000		
Machinery	25,000		
Loose tools	6,000		
Advertisement	3,000		
General expenses	4,400		
Bad debts	1,030		
Debenture interest paid (half-year up to 30.09.2024)	625		
Insurance	1,000		
Miscellaneous expenses	3,000		
Cash and bank balance	3,000		
	3,22,400		3,22,400

Additional Information :

- (i) The authorised capital of the company is ₹ 2,00,000.
- (ii) Stock on March 31, 2025 is ₹ 35,000.
- (iii) Allow 2.5% discount on debtors and 2% provision for bad debts.
- (iv) Depreciate Machinery @ 10% and revalue Loose tools at ₹ 4,100.
- (v) Provide for income tax @ 30%.
- (vi) 10% of net profit is transferred to Reserves.

7. Arihant Ltd. made a public issue of 30,000 shares of ₹ 10 each payable as follows :

On application : ₹ 3 per share; On allotment : ₹ 6 per share (including premium of ₹ 2); On call : ₹ 3 per share.

Applications were received for 40,000 shares.

30,000 shares were allotted, the excess application money being refunded.

Mr. Choudhury, holding 100 shares, failed to pay the allotment money. His shares were forfeited after the subsequent call. The forfeited shares were reissued as fully paid on payment of ₹ 9 per share to Miss. Sen.

Show the necessary journal entries.

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8. The following is the balance sheet extracts of C Ltd. as on 31.03.2025 :

Equities & Liabilities :

5,000 7.5% Preference Shares (₹ 100 each, fully paid-up)	₹ 5,00,000
1,00,000 Equity Shares of ₹ 10 each	₹ 10,00,000
Securities Premium Account	₹ 1,00,000
General Reserve	₹ 7,50,000
Profit & Loss Account (cr.)	₹ 2,00,000

Assets :

Investments at cost (Market Value ₹ 2,80,000)	₹ 3,00,000
Cash & Bank Balance	₹ 2,30,000

It was decided to redeem preference shares at a premium of 5% on following terms :

- (i) To finance the redemption, all the investments were sold at market price.
- (ii) 9,000 equity shares of ₹ 10 each were issued at par.
- (iii) It was also decided to use general reserve as minimum as possible.

You are required to pass necessary journal entries to record the above transactions.

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9. On April 01, 2022, I Ltd. issued 5,000, 8% Debentures of ₹ 100 each repayable at par at the end of three years. It has been decided to set up a sinking fund for the purpose of their redemption. The investments are expected to realise 4% p.a. The sinking fund table shows that ₹ 0.320348 amounts to one rupee @ 4% per annum in three years. On March 31, 2025 the balance at bank was ₹ 2,42,360 and the investments realised ₹ 3,25,000. The debentures were paid off.

Prepare necessary ledger accounts in the books of I Ltd. for 2022-23, 2023-24 and 2024-25. 15
