[Total No. of Questions: 5]

M.Com. (Semester - III) Examination, Nov. - 2011 ACCOUNTING & FINANCE

CO3A5: Corporate Accounting

Duration: 2 Hours

Total Marks: 50

Instructions: 1) Question No. 1 is compulsory.

2) Answer any of the internal choices of remaining questions.

Q1) Answer the following questions:

 $[5 \times 2 = 10]$

- a) What are divisible profits?
- b) Define goodwill.
- c) What are capital profits and revenue profits?
- d) What do you mean by net assets?
- e) State the order of payment in the event of liquidation of a company.
- Q2) a) Explain the determinants of goodwill value.

OR

- b) Discuss the limitations of financial statements.
- Q3) a) The summarised Balance Sheet of X Ltd as on 31st Dec, 2010 was as follows:

The present voluments	Rs.	menanged by being Ltd firm	Rs.
6% redeenable pref.	1,00,000	Freehold property	2,80,000
shares of Rs.10 each	epare the 142	Other fixed assets	1,80,000
Equity shares of Rs.10	The Price	Current assets including	
each ·	2,00,000	Bank balance	2,90,000
General Reserve	1,00,000	P. sonsiall batchilorum ad	Prenare
P & L A/c balance	1,80,000	O	
5% Debentures	50,000	ewollot se sew hall win let	The car
Current liabilities	1,20,000	A A Propiny shares of Ra. L	
orne a bine annia son Ag	7,50,000	A D D CAME AND THE A	7,50,000

The directors devided to:

- i) redeem the preference shares at per,
- ii) redeem the debentures at a premium of 2 per cent,
- iii) issue one bonus share of Rs.10 each to every shareholder holding two shares of Rs. 10 each

Assuming that the above resolutions were duly approved by the shareholders, you are required to:

- 1) Pass the necessary Journal entries to give accounting effect to the above; and
- 2) Prepare the B.S. after passing the Journal entries.

OR

- b) The following particulars available:
 - Profit for the past three years Rs. 50,000, Rs. 60,000 and Rs. 55,000 respectively.
 - ii) Normal rate of return 10%
 - iii) Average capital employed Rs. 3,00,000.
 - iv) The profits included non recurring profits on an average basis of Rs. 4000 out of which it was deemed that even non recurring profits had a tendency of appearing at the rate of Rs. 1000 p.a.

Compute the value of goodwill as per:

- 1) Five years purchase of super profit;
- 2) Capitalisation of super profit; &
- 3) an annuity method.

Q4) a) The Balance Sheets of H Ltd and S Ltd are given below:-

Liabilities	H Ltd	S Ltd	Assets	H Ltd	S Ltd
19 19 19 19	Rs.	Rs.	determinants of good	Rs.	Rs.
Equity Share		210			
Capital	50,000	1,00,000	Investments	Siscuss the	16
Pref. share capital	25,000	10,000	in S Ltd		
Profit & Loss A/c	15,000	25,000	9000 Equity shares	95,000	-
Reserve fund	5,000	2,500	750 Pref. Shares	8,000	(ē (\$0
Sundry Creditors	20,000	5,000	Sundry assets	12,000	1,42,500
000.08.1	1,15,000	1,42,500	able pref. 1,00,000	1,15,000	1,42,500

On the date of aequition, the reserves of S Ltd were nil and there was a debit balance of profit & loss A/c of Rs. 10,000.

Prepare the consolidated Balance Sheet.

OR

- b) The capital of x Ltd was as follows:
 - i) 3000 A Equity shares of Rs. 100 each; Rs. 85 per share paid up;
 - ii) 1000 B Equity shares of Rs. 100 each, Rs. 80 per share paid up.
- c) 1000 preference shares of Rs. 100 each fully paid. These shares under the articles of association have preference as to repayment of capital.

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The various creditors amounted to Rs. 76,500 including the liquidator's remuneration of Rs. 2500. The liquidator made a call of the remaining Rs. 20 per share on B equity shares which was paid in full. Assets realised Rs. 1,91,000. A call of Rs. 15 per share on partly paid A equity shares was made. This was paid in full with the exception of 100 shares.

Prepare the liquidator's. Final statement of Accounts.

Q5) a) On 31st March, 2011 X Ltd and Y Ltd agreed to amalgamate and form a new company called Joint Ltd. The following were the Balance Sheets of X Ltd and Y Ltd as on 31st March, 2011:

Liabilities	X Ltd	Y Ltd	Assets	X Ltd	YLtd.
po North are devi	Rs.	Rs.	-	Rs.	Rs.
Equity shares			Land & Building	1,00,000	90,000
of Rs. 10 each	2,00,000	1,60,000	Plant & machinery	48,000	38,000
General Reserve	20,000	30,000	Patent	5,000	4,000
P&LA/c	4,000	10,000	Stock	28,000	30,000
Creditors	6,000	2,000	Debtors	36,000	32,000
			Bills Receivable	4,000	4,000
			Cash at Bank	9,000	4,000
	2,30,000	2,02,000		2,30,000	2,02,000

On 31st March, 2011 both the companies agreed to abide by the following:

- i) Joint Ltd will take over all the assets and liabilities of X Ltd and Y Ltd at their book values.
- ii) The purchase consideration is to be discharged by Joint Ltd in the form of its fully paid equity shares of 10 each at per.
 - You are required to prepare the Balance Sheet of Joint Ltd soon after the amalgamation in the nature of merger.

OR

b) The following is the Balance sheet of Amar Ltd as on 31st March, 2011.

Liabilities	Rs.	Assets	Rs.
20,000, 8% pref. shares	50 000	Goodwill	75,000
of Rs. 20 each fully paid	4,00,000	Land & Building	2,50,000
50,000 Equity shares of		Plant & Machinery	2,75,000
Rs. 10 each fully paid	5,00,000	Book Debts	1,20,000
Sundry creditors.	90,000	Stock	1,00,000
reason the dec	111/21/27	P & L A/c	1,40,000
Total	9,60,000	Total	9,60,000

Company passed the following scheme of reconstruction.

- i) Preference shares be reduced to equal number fully paid equity shares of Rs. 12 each;
- ii) Equity share value be reduced by Rs. 6/- per share;
 - iii) Goodwill & Dr. balance of P & L A/c be written off fully; & manual manual
 - iv) Land & Building and Plant & machinery be written low to Rs. 1,05,000 and Rs. 2,10,000 respectively.

Give the necessary Journal entries relating to the addresail reconstruction scheme.

				tro (Ltd as on 31s Ma
				its had oithidenty of
		the me of its (40)		
		Plant & machinery	1,60,000	
30,000				
32,000		Debtors		
		Bills Receivable		
2,02,00				
			er all the as upd 0000	i) Joint Ltd wi their book w
		seets and tiabilities of 000,21 000,21 ce discharged by Joint h at per. 000,02 seet of Join Barance Sheet of Join	er all the ac ation is to b s of 40 each repare the l	i) Joint Ltd wi their book w ii) The purchase do he fully paid eq 002.54. You are req
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