S.Y.B.COM. SEM – IV (CBCS - 2016 COURSE) : SUMMER - 2018

SUBJECT: CORPORATE ACCOUNTING-II

Day: **Wednesday**
Date: **11/04/2018**

S-2018-0272

Time: **11.00 AM TO 02.00 PM**
Max. Marks: 60

N.B:

1) All questions are **COMPUSLORY.**
2) Figures to the right indicate **FULL** marks.
3) Use of **NON-PROGRAMMABLE CALCULATOR** is allowed.

Q.1 Yash Ltd. Agreed to acquire the business of Jay Ltd. As on 31st March 2018. The Balance Sheet of Jay Ltd. as on that date was as follows: **(12)**

Balance Sheet as on 31st March, 2018

Liabilities	Rs.	Assets	Rs.
Share Capital		**Fixed Assets**	
Authorised Capital		Goodwill	1,00,000
60,000 Equity shares of Rs. 10 each	6,00,000	Land and Building	3,00,000
Issued, Subscribed and Paid up		Plant and Machinery	3,40,000
60,000 Equity shares of Rs. 10 Each	6,00,000	**Current Assets, Loans and Advances**	
Reserve and Surplus:		Stock	1,68,000
General Reserve	1,70,000	Sundry Debtors	36,000
Profit and Loss	1,10,000	Cash in hand	6,000
Secured Loan:		Cash at Bank	50,000
6% Debentures	1,00,000		
Current Liabilities and Provisions:			
Sundry Creditors	20,000		
	10,00,000		**10,00,000**

The Consideration payable by Yash Ltd. Was agreed as follows

i) A cash Payment of Rs. 2.50 per share in Jay Ltd.

ii) The issue of 90,000 Equity Shares of Rs. 10 Each in Yash Ltd. having an agreed value of Rs. 15 per share to equity Shareholders of Jay Ltd.

iii) The issue of such an amount of fully paid 8% debentures of Yash Ltd. to discharge the 6% debentures of Jay Ltd. at Premium of 20%.

While computing the agreed consideration, the directors of Yash Ltd. Valued Land and Building at Rs. 6,00,000, Plant and Machinery at Rs. 6,00,000, Stock at Rs. 1,42,000 and Debtors at their face value subject to a reserve of 5% to cover doubtful debts. The cost of liquidation of Jay Ltd. came to Rs. 5000.

You are required to prepare:

Realisation Account, Equity Shareholders A/c, Yash Ltd. A/c, 6% Debentureholders A/c, Equity Shares in Yash Ltd A/c, in the Books of Jay Ltd.

P.T.O.

Q.2 Adwait presents you with their financial position as follows: **(12)**

Balance Sheet as on 31st March, 2018

Liabilities	Rs.	Assets	Rs.
Share Capital:		Goodwill	60,000
A) Issued and Subscribed Capital:		Buildings	1,50,000
• 4,000 Equity Shares of Rs. 100 each, fully paid	4,00,000	Machinery	3,00,000
• 3,000, 7% Preference Shares of Rs. 100 each, fully paid	3,00,000	Patents	30,000
Profits prior to Incorporation	□□□000	Stock	2,20,000
6% Debentures	3,00,000	Debtors	1,50,000
Sundry creditors	2,00,000	Cash	5,000
		Preliminary Expenses	25,000
		Profit and Loss	2,70,000
	12,10,000		**12,10,000**

The following scheme of reconstructions was duly approved by the court.

a) 7% Preference Shares to be converted into 9% Preference Shares, the amount being reduced by 30%.

b) Equity Shares to be reduced to fully paid shares of Rs. 50 each.

c) Buildings be appreciated by 20%.

d) Debentures be reduced by 20%.

e) All intangible assets and fictitious amounts including patents be written off. Utilise, profits prior to incorportations if necessary.
Pass journal entries to record the above scheme of reconstruction in the books of Adwait Ltd.

Q.3 Following is the summarised Balance Sheet as on31st March, 2018 of C Ltd., **(12)**

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Issued and Subscribed		Debtors	2,25,000
Capital:		Stock (Market Value 7,50,000)	7,25,000
1,00,000 Shares of Rs.10 each	10,00,000	Plant	5,30,000
General Reserve	2,50,000	Premises	5,60,000
Profit & Loss A/c	1,65,000		
Bank Overdraft (Temporary)	1,50,000		
Creditors	2,25,000		
Provisions for Taxation	1,00,000		
Depreciation Fund: Plant	50,000		
Workmen's Saving A/c	1,00,000		
	20,40,000		**20,40,000**

Following are the revalued amounts of assets:

	Rs.
Goodwill	7,75,000
Plant	5,50,000
Premises	6,00,000

Net profits of the company after providing for taxation but before deduction of amount of dividends were:

P.T.O.

		Rs.
For the year ended	2016	3,50,000
	2017	4,25,000
	2018	5,00,000

Normal Profit in this type of business is 10%. Calculate fair value of each share of the company.

Q.4 From the following list of Balances prepare Department Trading and Profit & Loss account for the year ended 31st March 2018. **(12)**

	Debit Rs.	Credit Rs.
Stock 1/4/2017		
Dept. A	17,000	
Dept. B	14,500	
Purchases:		
Dept. A	35,400	
Dept. B	30,200	
Sales:		
Dept. A		60,800
Dept. B		51,250
Wages:		
Dept. A	8,200	
Dept. B	2,700	
Rent, Rates, Taxes and Insurance	9,390	
Sundry expenses	3,600	
Salaries	3,000	
Light and heating	2,100	
Discounts allowed	2,220	
Discounts received		650
Advertising	3,680	
Carriage Inwards	2,340	
Furniture, Plant and Machinery	24,000	

The following information is also provided:

1. Internal transfer of goods Dept. A to Dept. B Rs. 420.
2. The items rent, taxes and insurance, sundry expenses, lighting and heating, salaries and carriage inwards to be apportioned 2/3 to Dept. A and 1/3 to Dept. B.
3. Advertising to be apportioned equally.
4. Discount allowed and received are apportioned in the ratio of 60 : 51 and 7 : 6 respectively.
5. Depreciation at 10% per annum on furniture and fittings, and on plant and machinery. Depreciation is to be charged 3/4 to dept. A and 1/4 to Dept. B.
6. Services rendered by Dept. B to dept. A included in wages Rs. 500.
7. Stock as at 31st March 2018 : Dept. A Rs. 16,740 and Dept. B Rs. 12,050.

Q.5 Write short notes on **ANY THREE** of the following: **(12)**

a) Methods of valuation of shares

b) Inter departmental transactions

c) Purchase consideration

d) Amalgamation

e) Advantages of departmental accounts

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