

S.Y.B.COM. SEM – IV (2014 COURSE) : SUMMER - 2018

SUBJECT : CORPORATE ACCOUNTING – II

Day : **Wednesday**

Time : **03.00 PM TO 05.00 PM**

Date : **11/04/2018**

S-2018-0316

Max. Marks : 40

N. B. :

- 1) Attempt **ANY FOUR** questions.
- 2) Figures to the right indicate **FULL** marks.
- 3) Use of non-programmable calculator is **ALLOWED**.

Q.1 Following is the Balance Sheet of White Ltd. as at 31st March, 2017 : (10)

Balance Sheet as on 31st March, 2017

Liabilities	₹	Assets	₹
Share Capital:		Goodwill	35,000
2,000 Shares of Rs. 100 each	2,00,000	Land and Building	85,000
Reserve Fund	20,000	Plant and Machinery	1,60,000
5 % Debentures	1,00,000	Stock	55,000
Loan from A (as director)	40,000	Cash at Bank	34,000
Sundry Creditors	80,000	Discount on Debentures	6,000
		Debtors	65,000
	4,40,000		4,40,000

The Business of the company is taken over by Black Ltd., as on that date on the following terms:

- a) The Black Ltd., to take over all the assets except cash, the assets to be valued at their book values less 10 % except Goodwill which was to be valued at Rs. 50,000/-
- b) The Black Ltd., to take over trade creditors which were subject to discount of 5 %.
- c) The purchase consideration was to be discharged in cash to the extent of Rs. 1,50,000/- and the balance in fully paid Equity Shares of Rs. 10/- each valued at Rs. 12.50/- per share.

The expenses of liquidation amounted to Rs. 4,000/-.

Show the necessary accounts in the books of White Ltd.

Q.2 Union Ltd. presents you with the following Balance Sheet as on 31st March, 2017 : (10)

Balance Sheet as on 31st March, 2017

Liabilities	₹	Assets	₹
Share Capital:		Goodwill	30,000
Equity Shares of Rs. 100 each fully paid	2,00,000	Land and Building	75,000
7 % Preferences Shares of Rs. 100/- each	1,50,000	Plant and Machinery	1,50,000
Profit Prior to Incorporation	5,000	Patents	15,000
6 % Debentures	1,50,000	Stock	1,10,000
Sundry Creditors	1,00,000	Sundry Debtors	75,000
		Cash	2,500
		Preliminary Expenses	12,500
		Profit and Loss A/c	1,35,000
	6,05,000		6,05,000

P. T. O.

The following scheme of reconstruction was duly approved:

- 7 % Preference Shares be converted in to 9 % Preference Shares, the amount being reduced by 30 %.
 - Equity shares be reduced to fully paid shares of Rs. 50 each.
 - Land and Building be appreciated by 20 %.
 - Debentures be reduced by 20 %.
 - All intangible assets and fictitious amounts including Patents be written off. Utilize profit prior to incorporation, if necessary.
 - Equity Shareholders to subscribe equity shares of Rs. 50,000/-. The amount to be utilized for acquiring new Plant and Machinery.
- Give journal entries to record the above transactions in the books of Union Ltd.

- Q.3** From the Balance Sheet of Kalyani Ltd. and the additional information given (10) below, ascertain intrinsic value of each share as on 31st March, 2017:

Balance Sheet as on 31st March, 2017

Liabilities	₹	Assets	₹
Equity Shares of Rs. 10/-each	3,00,000	Goodwill	1,20,000
12 % Preference Shares of Rs. 10/- each	1,00,000	Leasehold Property	3,50,000
General Reserve	80,000	Fixtures	60,000
Profit and Loss A/c	70,000	Investments	50,000
Unsecured Loans	1,00,000	Current Assets	75,000
Current Liabilities	30,000	Loans and Advances	15,000
		Miscellaneous Expenses	10,000
	6,80,000		6,80,000

Additional Information:

- Leasehold Property and Fixtures are valued at Rs. 4,00,000/- and Rs. 50,000/- respectively.
- Goodwill should be valued at three years purchase of average profits of last 5 years. The profits for the last five years are Rs. 70,000/- Rs. 90,000/-, Rs. 75,000/- Rs. 85,000/- and Rs. 80,000/-

- Q.4** Amarli Department Stores had three Departments X, Y and Z. The following (10) particulars regarding the three Departments are given:

Particulars	Dept. X ₹	Dept. Y ₹	Dept. Z ₹
Opening Stock	40,000	20,000	60,000
Purchases	1,10,000	55,000	2,20,000
Sales	4,00,000	3,00,000	2,00,000
Closing Stock	24,000	12,000	2,40,000
The following expenses were also incurred:			₹
General Expenses			24,000
Rent, Rates, Taxes			18,000
Commission Received			9,000
Discount Allowed			27,000
Sales Promotion Expenses			36,000
Salesman's Salary			9,000
Discount Received			14,000

Goods worth Rs. 10,000/- were transferred from Department X to Department Y. Good worth Rs. 5,000/- were transferred from Department Z to Y.

- a) Allocate General Expenses and Rent, Rates and Taxes equally between the three Departments.
- b) Commission received is divided in the ratio of 3:2:1 between Departments X, Y and Z respectively.

Prepare Departmental Trading and Profit and Loss Account allocating other expenses on appropriate basis.

Q. 5 Write short notes on **ANY TWO** of the following : **(10)**

- a) Methods of Valuation of Shares
- b) Difference between Internal and External Reconstruction
- c) Methods of Purchase Consideration.
- d) Inter Departmental Transactions

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