

S.Y.B.COM. SEM – IV (CBCS - 2016 Course) : WINTER - 2018

SUBJECT: CORPORATE ACCOUNTING-II

Day: Tuesday
Date: 09/10/2018

W-2018-0295

Time: 03.00 PM TO 06.00 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 Vijay Ltd., sells its business to Ajay Ltd., as on 31st March, 2018 on which (12)
date its Balance Sheet stood as follows:

Balance sheet of Vijay Ltd., as on 31st March, 2018

Liabilities	Rs.	Assets	Rs.
Share Capital:		Goodwill	50,000
• 2,000 Share of Rs. 100 each	2,00,000	Freehold Property	1,50,000
6% Debentures of Rs. 100 each	1,00,000	Plant and Tools	83,000
Sundry Creditors	30,000	Stock	35,000
Reserve Fund	50,000	Bills Receivable	4,500
Profit and Loss	20,000	Sundry debtors	27,500
		Cash at Bank	50,000
	4,00,000		4,00,000

Ajay Ltd., agreed to take the assets (exclusive of Cash and Goodwill) at 10% less than the book values, to pay Rs. 75,000/- for goodwill and to take over the debentures.

The Purchase consideration was to be discharged by allotment to Vijay Ltd., of 1,500 Shares of Rs. 100/- at a premium of Rs. 10 per share and balance in cash.

The cost of liquidation amounted to Rs. 3,000/-.

You are required to prepare necessary accounts in the books of Vijay Ltd.

Q.2 The following is the Balance Sheet of Vihaan Ltd., as on 31st March, 2018. (12)

Liabilities	Rs.	Assets	Rs.
Share Capital:		Goodwill	20,000
• 25,000/- Preference Share of Rs. 10 each	2,50,000	Leasehold Premises	1,07,000
• 25,000/- Equity Shares of Rs. 10 each	2,50,000	Plant and Machinery	60,000
Sundry Creditors	40,000	Patents	1,73,900
Bank Overdraft	36,000	Preliminary Expenses	2,000
		Stock	34,000
		Sundry Debtors	56,000
		Cash	100
		Profit and Loss	1,23,000
	5,76,000		5,76,000

The company proved unsuccessful and resolutions were passed to carry out the following scheme of reduction of capital.

- a) that the Preference Share be reduced to an equal number of fully paid shares of Rs. 5/- each.

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- b) that the Equity Shares be reduced to equal number of fully paid shares of Rs. 2.50/- each.
- c) that the Sundry Creditors total claims be reduced by 20%.
- d) that the amount so available will be utilized towards wiping off losses and the reduction of assets as follows:
- i) Preliminary Expenses Account, Goodwill Account and Profit and Loss Account to be written off entirely.
 - ii) Leasehold premises to be written off by Rs. 27,000/-
 - iii) Stock to be written off by Rs. 14,000/-
 - iv) Rs. 6,000/- is to be reserved for doubtful debts.
 - v) Plant and Machinery to be written off by 20% and the balance available to be utilized to write off Patents.
- Pass the necessary journal entries.

Q.3 On 31st March 2018 the Balance Sheet of Kohinoor Ltd., disclosed the financial position as follows: (12)

Liabilities	Rs.	Assets	Rs.
Share Capital:		Goodwill	42,000
i) Issued and Subscribed Capital:		Business Premises	2,70,000
• 40,000 Equity Shares of Rs. 10 each, fully paid	4,00,000	Machinery	2,20,000
Reserve	2,02,000	Furniture and Fixtures	18,000
Profit and Loss	1,08,000	Trade Debtors (all considered good)	2,75,000
7% Debentures	1,00,000	Stock-in-trade	1,05,000
Trade Creditors	90,000	Cash-in -Hand	20,000
Bills Payable	50,000		
	9,50,000		9,50,000

The additional information as on 31st March 2018 made available to you which is as follows:

- i) Assets were valued as follows:
- | | Rs. |
|-------------------------|----------|
| • Business Premises | 1,95,000 |
| • Machinery | 1,35,000 |
| • Furniture and Fixture | 20,000 |
| • Goodwill | 50,000 |
| • Stock-in-Trade | 1,05,000 |
- ii) The Net Profits for the last three years were as follows:
- | Year | Rs. |
|------|----------|
| 2016 | 1,13,000 |
| 2017 | 1,21,000 |
| 2018 | 1,26,000 |

of which 20% were transfer to Reserve, this proportion being considered reasonable in the industry in which the company is engaged and where a fair return on investment may be taken at 20%.

You are required to calculate the valuation of each Equity Share separately, ignoring taxation, as per A) Net Assets Method, B) Yield Basis Method, and C) Fair Value Method.

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Q.4 From the following figures for the year 2018, prepare accounts to disclose total profit and the profit of two departments X and Y: **(12)**

		Rs.
Opening Stock:	X	13,400
	Y	11,200
Purchases:	X	73,600
	Y	71,400
Sales:	X	1,13,000
	Y	90,000
Sales Returns:	X	3,000
	Y	2,000
Carriage Inwards		2,900
Salaries:	X	8,000
	Y	7,000
General Salaries		7,500
Rent and Rates		5,400
Advertising		8,100
Insurance (for Building)		1,800
General Expenses		4,500
Discount allowed		2,700
Discount received		1,450

The following further information is supplied:

1. General Salaries and General Expenses are to be allocated equally.
2. The area occupied is in the ration of 5:4.
3. The Closing Stocks of the two departments were: X: Rs. 20,500 and Y: Rs. 17,600

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

- a) Allocation of expenses in departments
- b) Absorption
- c) Purchase consideration
- d) Methods of valuation of shares
- e) Difference between internal and external reconstruction

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