S.Y.B.COM. SEM – IV (2014 Course) : WINTER - 2018
SUBJECT: CORPORATE ACCOUNTING-II

Day: Tuesday
Date: 09/10/2018

W-2018-0355

Time: 03.00 PM TO 05.00 PM
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 Raj Ltd. agreed to acquire the business of Vijay as on 31st March 2018. The Balance Sheet of Vijay Ltd. As on that date was as follow **(10)**

Balance Sheet as on 31st March 2018

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

The Consideration payable by Raj Ltd. was agreed as follows:

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

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

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

While computing the agreed consideration, the directors of Raj Ltd. Valued Land & 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 Vijay Ltd. came to Rs. 5000.

You are required to prepare.

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

Q.2 The following is the Balance Sheet of Bad Kismat Ltd., Pune as on 31st March, 2018. **(10)**

P.T.O.

Balance Sheet as on 31st March, 2018

Liabilities	Rs.	Assets	Rs.
Share Capital:		Goodwill	15,000
• 5%, 2,000 Cumulative Preference Shares of Rs. 100 each	2,00,000	Freehold Property	2,00,000
• 4,000 Equity Shares of Rs. 100 each	4,00,000	Plant and Machinery	3,00,000
6% Mortgage debentures	1,00,000	Stock in Trade	50,000
Bank Overdraft	50,000	Debtors	40,000
Creditors	1,00,000	Profit and Loss	2,40,000
		Cash	5,000
	8,50,000		**8,50,000**

The company got the following scheme of capital reduction approved by the Court.

a) The Preference Shares to be reduced to Rs. 75 per share fully paid-up and Equity Shares to Rs. 40 fully paid-up.

b) The debentureholders took over the Stock-in-trade and the Book Debts in full satisfaction of the amount due to them.

c) The Goodwill Account be eliminated.

d) The freehold Property to be increased by 30%.

e) The value of Plant and Machinery to be depreciated by Rs. 1,00,000.

f) The Expenses of Reconstruction amounted to Rs. 3,000.
Give the journal entries to record the above transaction.

Q.3 On 31st March, 2018 the Balance Sheet of Rahul Ltd. disclosed the financial position as follows: **(10)**

Balance Sheet

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 Fixtures	20,000
• Goodwill	50,000
• Stock-in-Trade	1,05,000

ii) The Net Profits for the last three years were as follows:

Year	Net Profit 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.

Q.4 From the following figures for the year 2017, prepare accounts to disclose total profit and the profit of two departments X and Y: **(10)**

		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 ratio 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 TWO** of the following: **(10)**

a) Methods of valuation of shares

b) Absorption

c) Difference between internal and external reconstruction

d) Purchase consideration

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