

S.Y.B.COM. SEM – IV (2014 COURSE) : WINTER - 2017

SUBJECT : CORPORATE ACCOUNTING – II

Day : Tuesday
Date : 24/10/2017

Time : 03.00 PM TO 05.00 PM
Max. Marks : 40

W-2017-0275

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** The Pravin Company Limited sells its business to the Amit Company Limited (10) on 31st March, 2017 on which date its Balance Sheet was as follows:

Balance Sheet as on 31st March, 2017

Liabilities	₹	Assets	₹
Paid up Capital 2,000 shares of Rs. 100/- each	2,00,000	Goodwill	50,000
6 % Debentures of Rs. 1,000/- each	1,00,000	Freehold Property	1,50,000
Sundry Creditors	30,000	Machinery	83,000
Reserve Fund	50,000	Stock	35,000
Profit and Loss Accounts	20,000	Bills Receivable	4,500
		Sundry Debtors	27,500
		Cash at Bank	50,000
	4,00,000		4,00,000

The Amit Company Ltd. agreed to take over the assets (exclusive of cash and goodwill) at 10% less than the books values, to pay Rs. 75,000/- for Goodwill and to take over the Debentures.

The purchase consideration was to be discharged by the allotment to the Pravin Company Ltd. of 1,500/- shares of Rs. 100/- each at a premium of Rs. 10/- per share and the balance in cash. The cost of liquidation amounted to Rs. 3,000/- borne by the Pravin Company Ltd.

Prepare necessary accounts in the Books of Pravin Company Ltd. recording the above transactions.

- Q.2** Urmila 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 Urmila Ltd.

Q.3 Following is the Balance Sheet of Janata Ltd. as on 31st March, 2017: (10)

Balance Sheet as on 31st March, 2017

Liabilities	₹	Assets	₹
Issued Capital 40,000 Shares of Rs. 10/-each	4,00,000	Fixed Assets	5,00,000
General Reserve	90,000	Current Assets	2,00,000
Profit and Loss A/c	20,000	Goodwill	40,000
5 % Debentures	1,00,000		
Current Liabilities	1,30,000		
	7,40,000		7,40,000

On 31st March, 2017 the Fixed Assets were independently valued at Rs. 5,50,000/- and Goodwill at Rs. 50,000/-. The net profits for the last three years were Rs. 51,600/-, Rs. 51,650/- and Rs, 52,000/- of which 20% was placed to reserve, this proportion being considered reasonable in the industry in which the company is engaged and where a fair investment return may be taken at 10%.

Compute the value of Compnay's share by a:

- Net Assets method
- Yield method
- Fair value method

Q.4 From the following figures for the year ended 31st March, 2017. Prepare (10) accounts to disclose total profit and the profit of two departments X and Y:

Particulars	₹
Opening Stock	
Dept. X	13,400
Dept. Y	11,200
Purchases	
Dept. X	73,600
Dept. Y	71,400
Sales	
Dept. X	1,13,000
Dept. Y	90,000
Sales Returns	
Dept. X	3,000
Dept. Y	2,000
Salaries	
Dept. X	8,000
Dept. Y	7,000
General Salaries	7,500
Rent, Rates	5,400
Advertising	8,100
Insurance (for building)	1,800
General Expenses	4,500
Discounts allowed	2,700
Discount received	1,450

The following further information is supplied:

- a) General salaries and General Expenses are to be allocated equally.
- b) The area occupied is in the ratio of 5:4
- c) The closing stock of the two departments were:

Department	₹
X	20,500
Y	17,600

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

(10)

- a) Methods of Purchase Consideration
- b) Methods of Valuation of Shares
- c) Allocation of Expenses in Departments
- d) Inter Departmental Transactions

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