

B. Com-II
Corporate Accounting
Paper-II

Time:- 3 Hours

M.Marks-80

Note :- Attempt Five questions in all selecting at least One but not more than Two questions from each unit. All questions carry equal marks.

UNIT-I

- Q 1. Describe the various methods for the redemption of debentures with suitable examples.
- Q 2. Sudarshan Ltd. issued for public subscription 40,000 equity shares of 100 each at a premium of 10 per share payable as under; on application 40 per share; on allotment 40 per share (including premium) and on call 30 per share.

Applications were received for 65,000 shares. Allotment was made pro-rata to the applicants for 48,000 shares, the remaining applications being refused. Money overpaid on application was utilized towards sums due on allotment.

Shri Amit, to whom 1,500 shares were allotted, failed to pay the allotment and call money and Shri Sumit to whom 2,000 shares were allotted failed to pay the call money. These shares were subsequently forfeited. All the forfeited shares were sold to Shri Sudesh as fully paid up at ₹ 8 per share. Show the journal entries to record the above transactions and prepare the Balance Sheet.

- Q 3. Prepare in a summarized form the Balance Sheet of a Company as per Companies Act, 2013, taking imaginary figures.
- Q 4. Following is the Balance Sheet of Ajay Ltd. as on 31st March, 2011 :

Share Capital:		Fixed Assets	7,00,000
5,000 Shares of ₹ 100 each	5,00,000	8% Government Securities	
Reserves & Surplus	1,62,000	at cost (Face Value	
10% Debentures	2,00,000	1,50,000)	1,40,000
Workmen's Saving Account	40,000	Stock	2,00,000
Provident Fund	60,000	Debtors	6,20,000
Creditors	6,38,000	Cash at Bank	28,000
Taxation Provision	1,00,000	Preliminary Expenses	12,000
	<u>17,00,000</u>		<u>17,00,000</u>

Information:

- (i) Market value of ¼th of the fixed assets is 25% more than their book values.

- (ii) 20,000 of the debtors is to be considered as bad.
- (iii) Profits of the company for the last three years were ` 1,80,000; ` 2,00,000 and ` 2,30,000 after interest on debentures but before tax. Rate of tax may be assumed as 40 %.
- (iv) It is the practices of the Company to transfer 25 % of the profit to General Reserve.

You are required to calculate the value of shares (i) by net assets method, (ii) by dividend yield method, assuming that normal rate of dividend on such Company's shares is 10% and (iii) by earning capacity method, assuming that normal rate of return on net capital employed in similar Companies is 14 %.

UNIT-II

Q 5. Explain the following terms :-

- (i) Cost of Control
- (ii) Amalgamation in the nature of Purchase.
- (iii) Minority Interest

Q 6. X Ltd agreed to acquire the assets, excluding cash as at 31st March, 2015 of Y Ltd. The Balance Sheet of Y Ltd as under:

Liabilities	Amount	Assets	Amount
Shareholder's Fund:		Non Current Assets:	
Equity Capital (Share of Rs. 10 Each)	300000	Land & Building	120000
General Reserve	55000	Plant & Machinery	200000
Investment Allowance Reserve	25000	Goodwill	60000
Profit & Loss	60000	Current Assets:	
Non Current Liabilities:		Inventories	80000
8% Debentures	50000	Trade Receivables	26000
Current Liabilities:		Bank	14000
Trade Payables	10000		
	<u><u>500000</u></u>		<u><u>500000</u></u>

The Consideration was as follow:-

- (a) A cash Payment of Rs 4 for every share of y Ltd.
- (b) The issue of one share of Rs. 10 each (Market value Rs. 12.5) in the X Ltd. for every share in Y Ltd.
- (c) The issue of 9%, 1100 debentures of Rs. 50 each by X Ltd. to discharge the debentures of Y Ltd. at a premium of 10%.
- (d) The expenses of liquidation of Y Ltd. amounting to 4000 were to be met by themselves.

Give journal entries in the books of both the companies and important ledger accounts in the books of Y Ltd.

Q 7. The following are the balance sheets of H Ltd. and S Ltd. as at 31st March, 2003.

Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd.
Share Capital:			Fixed Assets	12,00,000	6,50,000
Shares of Rs. 20			Investment:		
Each, fully paid	15,00,000	5,00,000	(17,500 Shares		
Reserves	1,50,000	75,000	in S Ltd. acquired		
Creditors	2,25,000	1,60,000	On 31 st March		
			2003)(at cost)	4,25,000	
			Current Assets	2,50,000	65,000
			Profit &		
			Loss A/c	-----	20,000
	<u>18,75,000</u>	<u>7,35,000</u>		<u>18,75,000</u>	<u>7,35,000</u>

On 31st March, 2003 the fixed assets of S Ltd. were revalued at ` 6,75,000. You are required to prepare the consolidated balance sheet of H Ltd. and its subsidiary S Ltd. as at 31st March 2003.

UNIT-III

Q 8. Prepare Final Statement of Account of the liquidator from the following particulars of a company which is voluntarily wound up. Share Capital consist of 1,000 Pref. Shares of Rs. 100 each fully paid and 40,000 equity shares of 10 each fully paid up; 30,000 first equity shares of 10 each, 8 paid up and 20,000 second equity shares of 5, 4 paid up. Preference shares have priority for refund of capital according to Articles of Association. Out of total creditors of 2,74,900, Creditors of 10,900 are preferential and creditors of ` 54,000 were fully secured. An amount of 3,74,000 was realized by sale of assets (including the sale proceeds of the assets charged with fully secured creditors).

Liquidation expenses 12,000; Liquidator's remuneration 5 % on assets realized (except belonging to fully secured creditors) and 3 % on the amount paid to unsecured creditors (except preferential creditors). Liquidator made a call of Re. one per share on second equity shares and 1.50 per share on first equity shares. All these amounts were duly received except 1.50 per share on 2,000 first equity shares which were forfeited.

Q 9. Writ short notes on:-

- (i) Non-Performing Assets
- (ii) Rebate on Bill Discounted
- (iii) Non-Banking Assets
- (iv) Bad Debts and Provision for Bad & Doubtful Debts

Q 10. Explain the following terms :-

- (i) Surrender Value
- (ii) Annuity
- (iii) Re-Insurance Premium
- (iv) Life Assurance Fund
- (v) Reserve of Unexpired Risks