

Total No. of Questions : 4]

SEAT No. :

P2911

[Total No. of Pages : 6

[5801]-302

S.Y. B.Com. (Semester - III)

232 : CORPORATE ACCOUNTING - I

(2019 Pattern) (CBCS)

Time : 2½ Hours]

[Max. Marks : 70

Instructions to the candidates:

- 1) Q. No. 1 is compulsory.
- 2) Solve any 2 questions from the remaining i.e. No. 2, 3 & 4.
- 3) Use of a simple calculator is allowed.
- 4) Figures to the right side indicate full marks.

Q1) A) Fill in the Blanks (answer any 5) : [5]

- i) Profits earned after the date of incorporation of a company are called as \_\_\_\_\_. (Capital Profits, Revenue Profits, Gross Profits)
- ii) AS-14 stands for \_\_\_\_\_. (Accounting for Amalgamation, Consolidated Financial Statements, Property, Plant & Equipment).
- iii) Bad debts are apportioned to pre and post-incorporation period on the basis of \_\_\_\_\_. (Time ratio, Sales ratio, Post incorporation period only)
- iv) Under Company Final Accounts, Preliminary expenses are shown under the head \_\_\_\_\_. (Other Noncurrent Assets, Other Expenses, Current Assets)
- v) Net asset method of valuation of shares is also called as \_\_\_\_\_ method. (Intrinsic Value, Fair Value, Yield Value)
- vi) \_\_\_\_\_ value is an average of Intrinsic value and Yield value.  
(Gross, Net, Fair)
- vii) Net profit or loss for the period, prior period items and changes in accounting policies are related to \_\_\_\_\_. (AS-5, AS-10, AS-14)

P.T.O.

B) True or False (answer any 5) : [5]

- i) Interest on debentures is to be charged to post incorporation period.
- ii) AS-10 does not deal with Livestock.
- iii) Revenue profits are available for distribution of dividend.
- iv) Valuation of shares is essential for amalgamation of the company.
- v) Dividend is calculated on paid up capital of the company.
- vi) Yield is the effective rate of return on investments made by investors.
- vii) Under the Net Assets method of valuation of shares, current assets are to be taken at market value.

C) Match the following : [5]

Column A	Column B
i) Interest on Bank Loan	a) Sales ratio
ii) Publicity Charges	b) Finance cost
iii) Directors' Fees	c) Earning Capacity
iv) Yield value	d) Consolidated Financial Statement
v) AS-21	e) Post incorporation period

D) Write Short Notes (answer any 3) : [15]

- i) Incorporation and Commencement of a joint Stock Company.
- ii) Need for valuation of shares.
- iii) Accounting Standard - 14.
- iv) Capital Profit and Revenue profit.
- v) Employee Benefit Expenses.

Q2) Ajayan Ltd. was registered with a nominal capital of Rs.10,00,000 divided into 10,000 equity shares of Rs. 100 each. Following balances have been extracted from the books of accounts as on 31<sup>st</sup> March 2022 [20]

Particulars	Rs.	Particulars	Rs.
Plant & Machinery	30,000	Sales	4,10,000
Insurance	3,000	Purchase returns	5,000
Audit Fees	7,000	Sundry Income	5,000
Purchases	2,05,000	Sundry Creditors	2,50,000
Sales Return	10,000	Bad Debts Provision	5,000
Bad Debts	2,000	P & L A/C as on 01/04/2021	3,00,000
Manufacturing Wages	70,000	Bills payable	12,000
Salaries	20,000	5% Debentures	5,00,000
Printing & Stationery	4,000	Share Capital Called Up	10,00,000
Stock As On 01/04/2021	50,000	Share Premium	9,000
Rent	6,000	General Reserve	12,000
Rate & Taxes	7,000		
Interest & Bank Charges	8,000		
Carriage Outwards	9,000		
Calls In Arrears	10,000		
Travelling Expenses	11,000		
Cash In Hand & At Bank	12,000		
Furniture & Fittings	12,000		
Sundry Debtors	2,00,000		
Advertisement	7,000		
Goodwill	11,00,000		
Freehold Property	6,30,000		
Bills Receivable	70,500		
Debenture Interest	12,500		
Investment	10,000		
Preliminary Expenses	2,000		
	<b>25,08,000</b>		<b>25,08,000</b>

**Other Information :**

- i) Depreciation to be provided on Plant & Machinery and Furniture @10%
- ii) Create provision for Bad & Doubtful debts @ 5% on Debtors.
- iii) Unpaid Salaries Rs. 2,000
- iv) Interest on Debentures is outstanding for 6 months.
- v) Stock as on 31/03/2022 is Rs.1,00,000
- vi) The Board of Directors have decided to transfer Rs. 1,50,000 to General Reserve.
- vii) Directors declared dividend @ 10% on Paid up Capital
- viii) Provision for Taxation is to be made at Rs. 50,000

**Prepare Profit and Loss A/c and Balance Sheet as per Revised Schedule VI of the Companies Act 2013, also make the necessary working notes.**

**Q3)** Sun Ltd. was incorporated on 1<sup>st</sup> May 2021 to take over the business of Moon Enterprises from 1<sup>st</sup> January, 2021. [20]

Statement of Profit and Loss A/c of Moon Enterprises for the year ended 31<sup>st</sup> December, 2021 was as follows :

Particulars	Rs.	Particulars	Rs.
To Opening stock	35,000	By Sales	3,00,000
To Purchases	2,10,000	By Closing stock	35,000
To Gross Profit c/d	90,000		
	<b>3,35,000</b>		<b>3,35,000</b>
To Salary	12,000	To Gross Profit b/d	90,000
To Bad Debts	1,500	By Bad Debts Recovered	2,000
To Debenture Interest	2,500		
To Director's fees	2,400		
To Preliminary Expenses	3,100		
To Discount Allowed	1,800		
To Depreciation on Machinery	12,000		
To Interest to Vendors	1,500		
To General Expenses	2,400		
To Publicity Charges	12,000		
To Printing & Stationery	4,800		
To Commission	6,000		
To Net Profit c/d	30,000		
	<b>92,000</b>		<b>92,000</b>

**Additional Information :**

1. The yearly turnover amounted to Rs. 3,00,000 of which sales upto 1<sup>st</sup> May 2021 were Rs. 1.00.000.
2. The purchase consideration was settled on 30<sup>th</sup> June, 2021.
3. Bad debts of Rs. 300 related to sales effected after incorporation and the remaining are related to pre-incorporation period.
4. Recovery of bad debts was in respect of bad debts written off before 2021.

**Ascertain the profit pre and post-incorporation.**

**Q4) a)** Following is the Balance Sheet of Bright Ltd. as on 31<sup>st</sup> March 2022.[14]

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Issued & Subscribed Share Capital (40,000 shares of Rs. 10 each)	4,00,000	Goodwill	42,000
		Business Premises	2,70,000
		Machinery	2,20,000
General Reserve	2,02,000	Furniture & Fixtures	18,000
Profit & loss	1,08,000	Debtors	2,75,000
7% Debentures	1,00,000	Stock	1,05,000
Trade Creditors	90,000	Cash	20,000
Bills payable	50,000		
	<b>9,50,000</b>		<b>9,50,000</b>

**Additional Information :**

1. Assets were valued as follows:

<b>Particulars</b>	<b>Rs.</b>
Business Premises	1,95,000
Machinery	1,35,000
Furniture & Fixtures	20,000
Goodwill	50,000
Stock in Trade	1,05,000
Debtors	2,75,000

2. The net profit for the last three years was as follows

<b>Year</b>	<b>Rs.</b>
2018 -2019	1,13,000
2019 -2020	1,21,000
2020-2021	1,26,000

3. It is a general practice of the company to transfer 20% of profits to General Reserve every year.
4. A normal rate of return is 20%

**You are required to value each equity share of Happy Ltd. under the Intrinsic Value, Yield Value Method, and Fair Value Method**

- b) Aqua Ltd. Purchased a plot of land worth Rs. 40,00,000 for a factory site on 1<sup>st</sup> April, 2022.

The old building was demolished and salvaged material was sold for Rs. 80,000. Additional costs incurred are as below :

Demolition of old Buildings	Rs. 5,00,000
Legal Fees for purchase contract and recording ownership	Rs. 1,00,000
Title Guarantee Insurance	Rs. 1,20,000

**Calculate the cost of the Land which Aqua Ltd. should show in the books of Accounts.** [6]

