

Total No. of Questions : 4]

SEAT No. :

PB-4380

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[6224]-302

S.Y. B.Com.

**232 : CORPORATE ACCOUNTING - I**  
**(2019 Pattern) (Semester - III) (CBCS)**

*Time : 2½ Hours]*

*[Max. Marks : 70*

*Instructions to the candidates:*

- 1) *Question No. 1 is compulsory.*
- 2) *Solve any 2 questions from Q. Nos. 2, 3 and 4.*
- 3) *Use of Basic Calculator is allowed.*
- 4) *Figures to the right indicates full marks.*

**Q1) A) Fill in the blanks (Any five). [5]**

- i) The dividends which have been paid by the company to shareholders, but not yet claimed is known as \_\_\_\_\_.  
(Interim Dividend, Unclaimed Dividend, Proposed Dividend)
- ii) \_\_\_\_\_ deals with Accounting for Amalgamations.  
(AS-21, AS-5, AS-14)
- iii) Intrinsic Value Method is also known as \_\_\_\_\_.  
(Break-up Value Method, Market Value Method, Fair Value Method)
- iv) \_\_\_\_\_ is a Long Term Borrowings.  
(Bills Payable, Bank overdraft, Debentures)
- v) \_\_\_\_\_ is allocated on the basis of turnover  
(Gross Profit, Salary, Interest to Vendor)
- vi) According to AS-10 Property, Plants and Equipment are \_\_\_\_\_ items. (Tangible, Intangible, Non-current Investments)
- vii) Valuation of shares means determination of the \_\_\_\_\_ of shares.  
(Quoted value, Fair value, Average value)

**P.T.O.**

**B) State whether the following statements are True or False (any five) [5]**

- ii) Patents and Trademarks are Intangible Assets of a company.
- ii) Valuation of shares is not required for converting preference shares into equity shares.
- iii) In Profit Prior to Incorporation, Capital Profit is available for the payment of dividend.
- iv) Accounting Standards are closely related to Generally Accepted Accounting Principles.
- v) It is the responsibility of both Holding Company and Subsidiary Company to prepare Consolidated Financial Statement.
- vi) Depreciation is the loss in the value of a fixed assets during the accounting period.
- vii) Liabilities on account of Bills Discounted is an example of Contingent Liabilities.

**C) Match the following. [5]**

i) Partner's Salary	a) Expected Rate of Return
ii) Employer's Contribution to P.F.	b) Directly attributable to Cost of an Asset
iii) Cost of Site Preparation	c) Pre-incorporation period
iv) Yield Method	d) Post-incorporation period
v) Managing Directors Remuneration	e) Employee Benefit Expense

**D) Write Short Notes (any three) : [15]**

- i) AS-5
- ii) AS-10
- iii) Need for Valuation of Shares
- iv) Difference between Incorporation and Commencement of Company
- v) Time ratio and Sales ratio

Q2) Nexus Ltd. was registered with a nominal capital of ₹ 10, 00,000 divided into ₹ 10,000 equity shares of ₹ 100 each. Following balances have been extracted from the books of accounts as on 31<sup>st</sup> March 2023. [20]

Particulars	Amount (₹)	Particulars	Amount (₹)
Plant and Machinery	30,000	Sales	4,10,000
Insurance	10,000	Purchase Return	5,000
Purchases	2,05,000	Sundry Income	5,000
Sales Return	10,000	Sundry Creditors	2,55,000
Bad Debts	2,000	P& L A/c as on 01.04.2022	3,00,000
Manufacturing Wages	70,000	Bills Payable	12,000
Salaries	20,000	5% Debentures	5,00,000
Printing and Stationery	19,000	Share Capital Called Up	10,00,000
Stock as on 01.04.2022	50,000	General Reserve	21,000
Rent, Rates & Taxes	6,000		
Calls In Arrears	10,000		
Travelling Expenses	20,000		
Cash at Bank	12,000		
Furniture & Fittings	12,000		
Sundry Debtors	2,00,000		
Advertisement	7,000		
Goodwill	11,00,000		
Land & Building	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>

**The following further details are also made available :**

1. Depreciation to be provided on Plant & Machinery and Furniture @10%.
2. Create Provision for Bad & Doubtful debts @5% on Debtors.
3. Interest on Debentures is outstanding for 6 months.
4. The Board of Directors have decided to transfer Rs. 1,50,000 to General Reserve.
5. Stock as on 31/03/2023 is Rs. 1,00,000.

**You are required to Prepare Statement of Profit and Loss and Balance Sheet as per Schedule III of the Companies Act 2013, also prepare necessary notes to accounts.**

**Q3)** X Ltd., was incorporated on 1<sup>st</sup> July 2022, to take over the running business of Mr. Y with effect from 1<sup>st</sup> April 2022. The following Profit & Loss Account for the year ended 31<sup>st</sup> March 2023 was drawn up. **[20]**

**Profit & Loss A/c**

Particulars	Amount	Particulars	Amount
To Commission	26,250	By Gross Profit	9,80,000
To Advertising	52,500		
To Managing Directors Remuneration	90,000		
To Depreciation	28,000		
To Salaries	1,80,000		
To Insurance	6,000		
To Preliminary Expenses	7,000		
To Rent & Taxes	30,000		
To Discount Allowed	3,500		
To Bad Debts	12,500		
To Net Profit	5,44,250		
	<b>9,80,000</b>		<b>9,80,000</b>

The following details are available.

1. The average monthly turnover from July 2022 onwards was double than that of the previous months.
2. Rent for the first three months was paid @ ₹ 2000 p.m. and thereafter at a rate increased by ₹ 500 per month.
3. Out of the total Bad debts ₹ 3,500 purely related to sales effected after 1 Sept. 2022
4. Advertisement expenses were directly proportionate to sales.

Ascertain the profits prior to and post incorporation period. Also show necessary working notes.

**Q4) a) Following is the Balance Sheet of Birla Cement Company as on 31<sup>st</sup> March 2023 [14]**

**Balance Sheet**

Liabilities	Amount	Assets	Amount
Issued & Paid up Capital (52,000 shares of ₹ 10 each)	5,20,000	Goodwill	54,600
		Land & Building	3,51,000
General Reserve	2,62,600	Plant & Machinery	2,86,000
Profit & Loss A/c	1,40,400	Furniture & Fixtures	23,400
7% Debentures	1,30,000	Trade Debtors	3,57,500
Trade Creditors	1,17,000	Closing Stock	1,36,500
Bills payable	65,000	Cash in hand	26,000
	<b>12,35,000</b>		<b>12,35,000</b>

**Additional Information :**

1. Assets were valued as follows :

Particulars	Amount
Land & Building	2,53,500
Plant & Machinery	1,75,500
Furniture & Fixtures	26,000
Goodwill	65,000
Closing Stock	1,36,500
Trade Debtors	3,57,000

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

Year	Amount
2020-2021	1,46,900
2021-2022	1,80,700
2022-2023	1,40,700

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 in respect of Equity Shares in similar type of companies is ascertained at 20%

**You are required to calculate the value of each equity share under :**

- A) Net Asset Method
- B) Yield basis Method
- C) Fair Value Method

b) On April 1, 2023, Amar Ltd. purchased land and building of ₹ 15,00,000/- for a factory site. Company demolished an old building on the property and sold the old material for 50,000/- Company incurred additional cost and realized salvaged proceeds during the April 2023 as follows;

Legal fees for making Agreement	₹ 50,000/-
Title guarantee insurance	₹ 25,000/-
Cost for demolition of building	₹ 1,50,000/-

**Compute the balance to be shown in the Land & Building A/c on 1<sup>st</sup> April, 2023 in the Balance sheet. [6]**

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