

(i) Printed Pages : 4 Roll No. ....

(ii) Questions : 10 Sub. Code : 

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**Master of Commerce 4<sup>th</sup> Semester**

**1059**

**Group-D : (Accounting and Finance)**

**ADVANCED CORPORATE ACCOUNTING**

**(Same for USOL Candidates)**

**Paper-MC-413**

**Time Allowed : Three Hours]**

**[Maximum Marks : 80**

**Note :—** Attempt any **five** questions in all, selecting at least **one** question from each Unit. All questions carry equal marks.

**UNIT—I**

1. What do you mean by Profits prior to incorporation ? What is the nature of such profits ? How are they calculated and treated in the books of Accounts ?
2. During the year ended 31<sup>st</sup> March, 2015, T Ltd. entered into following transactions in respect of two companies :

1<sup>st</sup> April, 2014 : Purchased 1,000 Equity Shares of Rs. 10 each in A Ltd. for Rs. 40,000 and 2,500 Equity Shares of Rs. 10 each in C Ltd. at Rs. 15 each. Shares of both the companies were fully paid up.

18<sup>th</sup> May, 2014 : A Ltd. made a bonus issue of three equity shares for every two equity shares held. T Ltd. sold 1,250 Shares of the bonus issue at Rs. 20 per share.

1<sup>st</sup> July, 2014 : Received dividend @ 18% on shares in A Ltd. for the year ended 31<sup>st</sup> March, 2014.

1<sup>st</sup> Oct., 2014 : C Ltd. made a rights issue of one share for every two shares held at Rs. 10 per share; right sold in the market at Rs. 5 per share.

31<sup>st</sup> Dec., 2014 : Received interim dividend for the year ended 31<sup>st</sup> March, 2015 @ 10% on shares in C Ltd.

Write up the relevant investment account in the books of T Ltd. Ignore brokerage and expenses on stamps.

### UNIT—II

3. What is the difference between amalgamation, absorption and reconstruction ? Give suitable example of each type.
4. The Balance Sheet of A Ltd. as on 31<sup>st</sup> December, 2015 is as follows :

Liabilities	Rs.	Assets	Rs.
8,000 Shares of Rs. 100 each	8,00,000	Fixed Assets	14,30,000
6% Debentures	14,00,000	Stock in Trade	80,000
Accrued interest on above	70,000	Debtors	30,000
Trade Creditors	4,50,000	Investments	17,000
Income-tax due	10,000	Cash	1,03,000
		P & L	10,70,000
<b>Total</b>	<b>27,30,000</b>	<b>Total</b>	<b>27,30,000</b>

The following scheme of reorganization was approved and confirmed by the Court :

- (i) Each share shall be subdivided into 20 fully paid equity shares of Rs. 5 each.
- (ii) After sub division, each Shareholder shall surrender in the company 95% of the holding for the purpose of reissue to debenture-holders and creditors so far as required and otherwise or cancellation.

- (iii) Of those surrendered, 46,000 shares of Rs. 5 each shall be converted into 8% participating preference shares of Rs. 5 each.
- (iv) Debenture holders' total claim to be reduced to Rs. 2,30,000. This will be satisfied by the issue of 46,000 participating preference shares of Rs. 5 each fully paid up.
- (v) The Liability of Income Tax is to be satisfied in full.
- (vi) The claim of unsecured creditors shall be reduced by 80% and the balance shall be satisfied by allotting them equity shares of Rs. 5 each fully paid from the shares surrendered.
- (vii) Shares surrendered and not issued shall be cancelled.

Journalise the various entries to be made, assuming that the tax liability is not paid.

5. What is purchase consideration and how is it calculated ?

### UNIT—III

6. What is meant by Goodwill ? Discuss its features. What are the factors affecting the value of goodwill of a company ?

7. (a) From the following particulars, calculate the value of an Equity Share :

2,000, 9% Preference Shares of

Rs. 100 each

Rs. 2,00,000

50,000 Equity Shares of Rs. 10 each,

Rs. 8 paid up

Rs. 4,00,000

Expected Profits before Tax p.a.

Rs. 2,18,000

Rate of Tax

40%

Transfer to General Reserve p.a.

20% of the profits

Normal rate of earning

15%

- (b) How are Equity Shares valued under Yield basis method ?

## UNIT—IV

8. The following Balance Sheets are presented to you :

**As on 31st December, 1996**

	H Ltd.	S Ltd.		H Ltd.	S Ltd.
Share Capital (Shares of Rs. 100 each)	5,00,000	2,00,000	Fixed Assets	3,50,000	1,50,000
General Reserve	1,00,000	—	Stock	90,000	40,000
Profit and Loss A/c	80,000	—	Debtors	60,000	30,000
6% Debentures	—	1,00,000	6% Debentures in S Ltd. (acquired at par)	—	—
Trade Creditors	75,000	45,000	Shares in S Ltd. 1,500 @ Rs. 80	60,000	—
			Bank	1,20,000	—
			Profit and Loss A/c	75,000	25,000
				—	1,00,000
	<b>7,55,000</b>	<b>3,45,000</b>		<b>7,55,000</b>	<b>3,45,000</b>

H Ltd. acquired the shares on 1-5-1996. The Profit and Loss Account of S Ltd. showed a Debit Balance of Rs. 1,50,000 on 1-1-1996. During March, 1996 Goods costing Rs. 6,000 were destroyed by Fire and the Insurance paid only Rs. 2,000.

Trade Creditors of S Ltd. include Rs. 20,000 for Goods supplied by H Ltd. on which the latter company made a profit of Rs. 2,000. Half of the goods were still in stock. Prepare consolidated Balance Sheet.

9. Define Holding Company and Subsidiary Company. What are the advantages of consolidation of final statement of accounts of a Holding Company and its Subsidiary Company ?
10. Explain the different ways consolidation may be done as per IAS-22 on combinations.