

(i) Printed Pages : 4

Roll No. ....

(ii) Questions : 10

Sub. Code : 

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Exam. Code : 

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

1046

**GROUP-D : (Accounting and Finance) ADVANCED  
CORPORATE ACCOUNTING (Same for USOL Candidates)**

**Paper-M.C. 413**

**Time Allowed : Three Hours]**

**[Maximum Marks : 80**

**Note :** (i) Attempt five questions in all, selecting at least one question from each Unit.

(ii) All questions carry equal marks.

(iii) Use of non-Programmable Calculator is allowed.

**UNIT-I**

- I. Define Amalgamation of Firms. Explain the accounting rules in the books of Transferor and Transferee firm regarding amalgamations of firms.
- II. What are the special features of Investment Accounts ? Explain the terms 'Cum-interest' and 'Ex-interest' in relation to such accounts with help of suitable example.
- III. Mr. A held on 1<sup>st</sup> January, 2015, Rs. 1,00,000 of 3.5% Government Loan at Rs. 95,000. Three months interest had accrued. On 31<sup>st</sup> May he purchased a further Rs. 40,000 of the Loan @ Rs. 96 (net) cum-interest. On 31<sup>st</sup> July, Rs. 30,000 of the Loan was sold at Rs. 94 (net) Ex-interest. On 30<sup>th</sup> November Rs. 20,000 of the Loan was sold at Rs. 96 (net) cum-interest. Interest on the Loan

was paid each year on 31<sup>st</sup> March and 30<sup>th</sup> September and was collected on 4<sup>th</sup> April and 5<sup>th</sup> October. The price of the Loan on 31<sup>st</sup> December, 2015 was Rs. 96.

Draw up Loan Account. Ignore income tax and paise.

## UNIT-II

- IV. Define Amalgamation. What entries are passed by a company to close its books when it is amalgamated by another company?
- V. Distinguish between Internal Reconstruction and External Reconstruction. Also explain clearly the difference between amalgamation in the nature of merger and amalgamation in the nature of purchase.
- VI. Following is the B/S of Godbole Co. Ltd. as on 31-03-2015 :

<b>I. <u>Equity and Liabilities</u> :</b>	<b>Rs.</b>
(1) Shareholders funds:	
(a) Share Capital	
6000 Equity shares of	
Rs. 100 each	6,00,000
3000, 5% Pref. Shares of	
Rs. 100 Each	3,00,000
(b) Reserves and Surplus :	
Surplus A/c (Negative Balance)	-3,60,000
(2) Non-Current Liabilities :	
6% Debentures	1,50,000
(3) Current Liabilities :	
Creditors	75,000
Bank overdraft	1,50,000
Total	9,15,000
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<b>II. <u>Assets</u> :</b>	
(1) Non-Current Assets :	
Land and Buildings	3,00,000
Machinery	4,50,000
Goodwill	22,500
(2) Current Assets :	
Stock	65,000
Debtors	70,000
Cash	7,500
Total	<u>9,15,000</u>

On the above date, the company adopted the following scheme of reconstruction :

- (i) The Pref. Shares are to be reduced to fully paid shares of Rs. 75 each and equity shares are to be reduced to shares of Rs. 40 each fully paid.
- (ii) The Debenture holders took over stock and debtors in full satisfaction of their claims.
- (iii) The fictitious and intangible assets are to be eliminated.
- (iv) The Land and Buildings to be appreciated by 30% and machinery to be depreciated by  $33\frac{1}{3}\%$ .
- (v) Expenses of reconstruction amounted to Rs. 4,500.

Give journal entries incorporating the above scheme of reconstruction and prepare the reconstructed Balance Sheet.

### UNIT-III

VII. What do you understand by Goodwill ? Explain and illustrate the different methods of valuation of goodwill of a company.

VIII. The following particulars are available in relation to Modi Ltd.

- (i) Capital 450, 6% Pref. Share of Rs. 100 each fully paid, and 4,500 equity shares of Rs. 10 each fully paid.
- (ii) External Liabilities Rs. 7,500.
- (iii) Reserves and Surplus Rs. 3,500.
- (iv) The average expected profit (after taxation) earned by the company Rs. 8,500.
- (v) The normal profit earned on the market value of equity shares (fully paid) of the same line companies is 9%.
- (vi) 10% of the profit after tax each year is transferred to reserves.

Calculate the intrinsic value per equity share and the value per equity share according to dividend yield basis and fair value per share. Assume that out of total assets, assets worth Rs. 350 are fictitious.

### UNIT-IV

IX. What is a Holding Company ? How does a holding company come into existence ? Give four examples of common transactions which must be eliminated while preparing consolidated B/S.

X. Give the treatment of Revaluation of Assets at the time of acquisition of shares by the holding company. Give treatment of bonus shares if issued :

- (i) Out of Pre-acquisition profits
- (ii) Out of Post-acquisition profits
- (iii) Partly out of pre-acquisition and partly out of post-acquisition profits.