

Roll No. ....

Total Pages : 15

**OBCM/A-20**

**21016**

**CORPORATE ACCOUNTING**

**Paper-II**

Time : Three Hours]

[Maximum Marks : 80

**Note :** Attempt *five* questions in all, selecting at least *one* question from each unit but not more than *two* from each unit. All questions carry equal marks.

**UNIT-I**

1. Amir Ltd. invited the public to subscribe 20,000 shares of ` 100 each at premium of ` 10 per share payable on allotment. Payments were to be made as under :

On application	` 25
On allotment	` 35
On first call	` 30
On final call	` 20

Applications were received for 31,000 shares, applications for 9,000 shares were rejected and allotment was made proportionately to the remaining applicants. Both the calls were made and all the amount were received except the final

21016/PDF/KD/725

[P.T.O.]

call on 1,200 shares which were forfeited. Later on 800 shares out of the forfeited shares were re-issued as fully paid-up at ` 90 per share. Share issue expenses amounted to 7,500 which were fully written off against security premium A/c.

Pass journal entries and prepare Balance Sheet.

16

A

downloaded from  
StudentSuvidha  
25  
35  
30  
20

2. What do you mean by redemption of preference shares ? Explain conditions which must be fulfilled for the redemption of preference shares u/s 55 of Company Act, 2013. 16

3. OM Ltd issued 2,000, 12% Debentures of ₹ 100 each on 1st April, 2010 repayable at par at the end of three years. It has been decided to set up a Sinking Fund for the purpose of their redemption. The investments are expected to earn an interest of 4% p.a. The Sinking Fund table shows that ₹ 0.320348 invested each year amounts to ₹ 1 @ 4% p.a. in three years.

Investments were sold at par on 31 March, 2013 and Debentures were paid off. Pass Journal entries and prepare necessary accounts. Entries relating to interest on debentures may be ignored. 16

Z

A

4. Following is the Balance Sheet of Z Ltd. for the year ending at 31st March, 2012. Find the value of goodwill according to Super Profit Method, assuming 2 years' purchase :

Particulars	Amount
<b>I. Equity and Liabilities :</b>	
Shareholder's funds	
25,000 equity shares of ₹ 10 each	2,50,000
10	
Profits and Loss A/c on 1st April, 2011	15,000
Profit for the year 2011-12 (Pre-Tax)	<u>2,00,000</u>
)	2,15,000
Workmen compensation fund	20,000
Non-current liabilities	
10% Debenture	1,75,000

Current liabilities	
Trade payables	1,00,000
Total	7,60,000
<b>II. Assets</b>	
Non-current Assets	
Buildings	1,50,000
Plant	1,25,000
Investment for plant replacement	1,00,000
Current Assets	
Trade receivables	1,25,000
Inventory	1,40,000
Cash and Bank	1,10,000
Current/Non-current Assets :	
Share issue expenses	10,000
Total	7,60,000

Normal rate of return on average capital employed is 20%.  
 Building are revalued at ` 2,75,000 and plant at ` 25,000.  
 All other Assets are worth at Book Value, ignore taxation.

16

A

UNIT-II

5. Distinguish between amalgamation in the nature of merger and amalgamation in the nature of purchase. Give Journal entries in the book of transfer company under both conditions. 16
6. The Balance sheet of Renu Ltd. as at 31st March, 2015 was as follows :

Particulars	
<b>I. Equity and Liabilities :</b>	
Shareholder's funds	
Share capital	
32,000, 6% preference shares of ` 10 each fully paid	3,20,000

96,000 Equity shares of ` 5 each fully paid	4,80,000
General reserve	1,600
P and L Balance	1,44,000
Non-current liabilities :	
5% Debentures	1,92,000
Current liabilities	
Trade payables	3,20,000
Total	<u>11,69,600</u>
<b>II. Assets</b>	
Non current Assets	
Land and Building	3,84,000
Plant and Machinery	3,60,000
Goodwill	2,24,000
Current Assets	
Inventories	64,000
Trade Receivables	1,28,000
Cash	9,600
Total	<u>11,69,600</u>

Upon revaluation of the assets it was found that goodwill was worthless and the other assets were over-valued to the following extent :

Land and Building by ₹ 64,000 and Plant and Machinery by ₹ 88,000.

A provision for doubtful debts to the extent of ₹ 8,000 was necessary.

The following scheme of reorganisation was approved by the Court :

- (i) Trade payables to accept 6% Debentures to the extent of 50% of their claims, the balance to be paid in six month after the date.
- (ii) The preference share to be reduced to ₹ 5 each.
- (iii) The Equity shares to be reduced to ₹ 1 each.
- (iv) The assets to be brought to the revalued figures and the debit balance of profit and loss to be wiped out.

Give Journal entries to give effect to the above scheme.  
Prepare the revised Balance Sheet of the company.

16

downloaded from

StudentSuvidha

7. From the following Balance sheet of Raju Ltd. and its subsidiary Vijay Ltd. as at 31st March, 2014 and the additional information provided thereafter, prepare consolidated Balance sheet of both companies on that date :

Particulars	Raju Ltd	Vijay Ltd
<b>I. Equity and Liabilities :</b>		
Shareholder's funds		
Equity share capital	12,00,000	2,00,000
10 fully paid shares		
(		
General Reserve	3,10,000	–
Profit and Loss A/c	1,50,000	40,000
Current Liabilities		
Trade payables	2,80,000	89,000
Total	19,40,000	3,29,000
<b>II. Assets</b>		
Non-current Assets :		
Fixed assets	13,62,000	2,00,000

Investment in 14,000 shares of Vijay limited	1,42,000	–
Current assets	4,36,000	1,24,000
Current/Non current assets :		
Share Issue Expenses	–	5,000
<b>Total</b>	<b>19,40,000</b>	<b>3,29,000</b>

Raju Limited acquired the shares of Vijay Limited on 31st Dec., 2013. On 1st April, 2013 Vijay Limited's Profit and Loss Account showed a debit balance of ₹ 8,000. On 31st March, 2014 Vijay decided to revalue its fixed assets at ₹ 2,50,000. 16

### UNIT-III

8. What is liquidation of companies. What are the various methods for winding up of a company. 16

a\

9. The following is the Trial Balance of Bombay Bank Limited on 31st March, 2015 :

Particulars	Amount	Particulars	Amount
Loan, cash credits and overdrafts	26,00,000	Share capital 2,50,000 shares of `10 each fully paid up	25,00,000
Premises	5,20,000	Reserve fund	9,00,000
Indian Govt. Securities	6,00,000	Current deposits	1,19,000
Salaries	1,00,000	Saving Bank Deposits	2,70,000
General expenses	24,000	Profit and Loss A/c 1.4.2014	50,000

Rent and taxes	30,000	Profit on sales of Investments	2,50,000
Director's fee	45,000	Branch adjustments	20,000
Stock of stamps	10,000	Borrowings	1,20,000
Bill discounted and purchased	4,00,000	Share premium	2,50,000
Cash in hand	4,00,000	Rent received	10,000
Money at call and short notice	4,50,000	Comission	50,000
Interest paid on deposits	2,00,000	Term deposits	4,00,000
Gold	1,60,000	Interest and discount	7,50,000
Silver	1,50,000		
<b>Total</b>	<b>56,89,000</b>	<b>Total</b>	<b>56,89,000</b>

Prepare Profit and Loss Account and Balance Sheet after consulting the following items :

- (i) Interest accrued on Investment ` 30,000.

- (ii) A scrutiny of current ledger reveals that there are accounts overdrawn to the extent of 2,00,000.
- (iii) Make a provision of ` 20,000 for taxation.
- (iv) Bill for collection of ` 1,00,000.
- (v) The director's suggest a dividend of 10% on paid up capital.

16

downloaded from  
StudentSuvichha

**10.** Write short notes on the following :

- (a) Reserve for unexpired risks.
- (b) Annuity.
- (c) Surrender value.
- (d) Bonus in reduction of premiums.

16