



KA-2584

Second Year B. Com. (Honours) Examination
October / November – 2012
Corporate Accountancy - II

Time : Hours]

[Total Marks : 70

Instructions :

(1)

नीचे दृशविल निशानीवाणी विगतो उत्तरवही पर अवश्य लपवी. Fillup strictly the details of signs on your answer book.	Seat No. :
Name of the Examination :	<input type="text"/>
<input type="text" value="SECOND YEAR B. COM. (HONS.)"/>	<input type="text"/>
Name of the Subject :	<input type="text"/>
<input type="text" value="CORPORATE ACCOUNTANCY - 2"/>	<input type="text"/>
Subject Code No. : <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="4"/>	<input type="text"/>
Section No. (1, 2,...): <input type="text" value="NIL"/>	<input type="text"/>
	Student's Signature

- (2) Figures to the right indicates marks of the questions.
(3) Show the necessary calculation as part of your answer.

1 Z company issued a prospectus invitings applications 12
for 20,000 equity shares of Rs. 10 each at a premium of
Rs. 2 per share payable as under:

On Application	Rs. 2
On Allotment	Rs. 5 (including premium)
On First Call	Rs. 2
On Second Call	Rs. 3

Applications were received for 30,000 shares and allotment made pro-rate to the applicants of 24000 shares and the remaining applications were refused and the amount was refunded. Money over paid on applications was to be transferred to allotment Account.

A, to whom 800 shares were allotted, failed to pay the allotment money and B, to whom 1000 shares were allotted failed to pay the two calls. These shares were forfeited after making second call.

All the shares were sold to Mr. X credited as fully paid for Rs. 8 per share.

Pass necessary journal entries in the Books of the company.

2 The Balance sheet of A Ltd. and B Ltd. as on 31st March 2010 were as follows :

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Balance Sheet

<i>Liabilities</i>	<i>A Ltd. Rs.</i>	<i>B Ltd. Rs.</i>	<i>Assets</i>	<i>A Ltd. Rs.</i>	<i>B Ltd. Rs.</i>
Share capital			Goodwill	-	70,000
50,000 Pref. shares of Rs. 100 each	500,000	-	Patents	200,000	-
150,000 equity shares of Rs. 10 each	1500,000	-	Land and Buildings	600,000	-
40,000 Equity share of Rs. 10 each	-	400,000	Plant and Machinery	15,50,000	-
General Reserve	800,000	-	Motor Car	-	40,000
Profit & Loss A/c.	90,000	32,000	Furniture	-	25,000
Creditors	50,000	21,000	Investments	1,15,000	-
			Stock	350,000	2,39,000
			Debtors	80,000	62,000
			Bank		
			Balance	45,000	17,000
	29,40,000	4,53,000		29,40,000	4,53,000

A new company C Ltd. was formed to acquire the assets and liabilities of A Ltd. and B Ltd. The terms of acquisition of Business were as under :

- (i) C Ltd. to have an authorized capital of Rs. 35,00,000 divided into 5,000, 13% pref. shares of Rs. 100 each and 300,000 equity shares of Rs. 10 each.
- (ii) Business of A Ltd. was valued at Rs. 30,00,000 settlement being Rs. 600,000 cash and balance by issue of fully paid equity shares at Rs. 12.
- (iii) Business of B Ltd. was valued at Rs. 4,80,000 to be satisfied by issue of fully paid equity shares at Rs. 12.
- (iv) Pref. shares of A Ltd. were redeemed.
- (v) C Ltd. made a public issue of 3,000 pref. shares at par and 30,000 equity shares at Rs. 12. The issue was underwritten at the commission allowed by law and was fully subscribed. All obligations were met.
- (vi) D, who mooted the scheme, was allotted 4,000 equity shares (fully paid) at Rs. 12 in consideration of his services.

Make journal entries in the books of A Ltd. and B Ltd. to close their books of accounts, and prepare the balance-sheet of C Ltd.

3 The Balance Sheet of Joker Ltd. as on 31.3.2010 is given below :

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<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
10% cum. Red. Pref. shares of Rs. 10 each	5,00,000	Land and Buildings	5,00,000
Equity shares of Rs.10 each Rs. 8 per share paid up	8,00,000	Plant and Machinery	12,00,000
General Reserve	6,00,000	Furniture	1,50,000
12% Debentures	5,00,000	Stock	4,00,000
Creditors	4,00,000	Debtors	2,00,000
		Bank Balance	1,50,000
		Bills Receivable	1,00,000
		Preliminary expenses	1,00,000
	28,00,000		28,00,000

Additional Information :

- (i) The present value of the Assets of the company is to be taken as double.
- (ii) The goodwill of the company is to be valued at three times the average super profit of last three years.
- (iii) Average profits of last three years after deducting tax at 50% is Rs. 600,000.
- (iv) For the last three years, the company has been transferring 25% of the profit after taxes every year to its General Reserve account.
- (v) The expected rate of return in the company's lines of business is 10%.

From the above information, find out the fair value of Equity shares of the company.

4 Hindustan Co Ltd. decided to redeem their pref. shares as on 31.3.2010 on which date the position was as under :

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Balance Sheet as at 31.3.2010.

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Share Capital 4,000 equity shares of Rs. 100 each 4,00,000		Cash and Bank Balance	140,000
4,000 Red. Pref. shares of Rs. 50 each Rs. 25 per share paid : 100,000		Other Assets	860,000
2,000 Red. Pref. shares of Rs. 100 each fully paid : 200,000	700,000		
Reserve and Surplus			
Securities Premium : 10,000			
Capital red. reserve : 90,000			
Dividend equal. reserve : 110,000	210,000		
Sundry liabilities	90,000		
	10,00,000		10,00,000

The redemption was to be at a premium of 5 per cent. The Capital Redemption Reserve appearing in the balance sheet is the reserve brought into being as a result of a Redemption which took place in 2003. To enable the redemption to be carried out the cum. decides to issue, after carrying out the necessary formalities required under law. Sufficient number of the new equity shares at a dis. of 10 per cent. The Red. is duly carried out. Show journal entries relating to Red. and new issue and also the B/S after Red. Ignore the question of dividend upto the date of Red.

- 5 (a) Surat Ltd. issued 4,000 6% debentures of Rs. 100 each at Rs. 105. The debenture holders had the option of converting within one year, debentures into 8% participating preference shares of Rs. 100 each at Rs. 125. 5
- At the end of the 1st year the interest on debentures was outstanding. Holders of 200 debentures decided to take advantage of the option.
Give the journal entries.
- (b) Write short-note on sinking fund. 5
- 6 Write short notes : (any **three**) 12
- (i) Reserve Capital and Capital Reserve
 - (ii) Sweat Equity Shares
 - (iii) Purposes of Amalgamation
 - (iv) Factors affecting Goodwill.
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