

- ii. What do you mean by amalgamation of companies? Discuss the merits and demerits of amalgamation. **5**
- iii. Raju Ltd. and Farhan Ltd. amalgamated. A new company Rancho Ltd. was formed to take-over the business of both existing companies. Balance Sheet of Raju Ltd. and Farhan Ltd. were as follows. **5**

Liabilities	Raju Ltd.	Farhan Ltd.	Assets	Raju Ltd.	Farhan Ltd.
Equity Share Capital	20,00,000	16,00,000	Fixed Assets	28,00,000	19,60,000
General Reserve	4,00,000	3,00,000	Stock	6,00,000	4,40,000
P & L A/c	4,00,000	2,00,000	Debtors	4,00,000	2,40,000
Development Allowance	2,00,000	1,00,000	Cash at Bank	2,00,000	1,60,000
Foreign Project Reserve	1,00,000	60,000			
10% Debentures	5,00,000	4,00,000			
Sundry Creditors	4,00,000	1,40,000			
	40,00,000	28,00,000		40,00,000	28,00,000

Rancho Lt. issued requisite number of equity shares of Rs. 100 each to discharge the claims of equity share holders of Transferor Companies. Rancho Lt. issued 12% Debentures for the payment of 10% Debentures. Give journal entries and prepare Balance Sheet in the books of Rancho Ltd. if amalgamation is in the nature of merger.

Enrollment No.....



Faculty of Commerce
End Sem (Odd) Examination Dec-2019
CM3CO09 Corporate Accounting

Programme: B.Com.(Hons)

Branch/Specialisation: Commerce

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. Maximum discount that can be allowed on reissue of shares is- **1**
(a) 5% (b) 10%
(c) Up to forfeited amount of shares (d) None of these
- ii. Discount on issue of debenture is a – **1**
(a) Fixed Asset (b) Current Asset
(c) Real Asset (d) Fictitious Asset
- iii. The maximum rate of remuneration to the manager is: **1**
(a) 8% (b) 7% (c) 6% (d) 5%
- iv. Dividend earned by a financial company is: **1**
(a) Revenue from operations (b) Other Income
(c) Both (a) and (b) (d) None of these
- v. The goodwill related to a specific place is called goodwill: **1**
(a) Cat (b) Dog (c) Rat (d) Rabbit
- vi. The excess of net assets over purchase consideration is called: **1**
(a) Goodwill (b) Capital reserve
(c) Minority interest (d) None of these
- vii. The consolidated balance sheet is prepared in the books of.....company: **1**
(a) Holding (b) Subsidiary
(c) Both (a) and (b) (d) None of these
- viii. Voluntary liquidation of company means: **1**
(a) Member's voluntary winding up
(b) Creditor's voluntary winding up
(c) Member's and Creditor's voluntary winding up
(d) Director's voluntary winding up
- ix. The main objective of amalgamation is: **1**
(a) To minimize the expenses (b) To stop competition
(c) To facilitate distribution (d) All of these

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- x. Consolidation of shares means: **1**
 (a) Conversion of high face value shares into low face value shares
 (b) Conversion of low face value shares into high face value shares
 (c) Conversion of preference shares into equity shares
 (d) None of these
- Q.2 i. What do you mean by forfeiture and reissue of shares? **4**
 ii. Bhim Ltd. invited application for 1, 00,000 shares of Rs. 10 each at a premium of Rs. 1 each, payable as under: **6**
 Rs. 5 on application; Rs. 3.50 (including premium) on allotment and Rs. 2.50 on call. Application for 1, 50,000 shares were received of which the application for 25,000 shares were refused and the money refunded. Allotment was made prorata to the remaining applicants. Excess application money being applied towards the amount due on allotment. X was allotted 200 shares, but he failed to pay the amounts due on allotment and call. His shares were forfeited and reissued to Y at Rs. 10.50 per share. Pass necessary journal entries in the books of the company for the above transactions & prepare balance sheet.
- OR iii. What do you mean by Debenture? Explain redemption of Debentures? **6**
- Q.3 i. Explain briefly any four items under the head 'Reserves and Surplus' in the balance sheet of a company. **4**
 ii. What do you mean by 'managerial remuneration'? How it is determined? **6**
- OR iii. PQR Ltd. pays its managing director a commission of 5% on the net profit. From the following particulars, calculate the amount of net profit u/s 198 of Companies Act and find out the amount of commission: **6**
- | | |
|--|--------------|
| Net profit (after adjusting the following items) | Rs. 1,00,000 |
| Depreciation written off (allowed Depreciation is Rs. 8,000) | Rs. 12,000 |
| Preliminary expenses written off | Rs. 10,000 |
| Provision for bad debts | Rs. 5,000 |
| Provision for taxation | Rs. 20,000 |
| Remuneration to the managing director | Rs. 8,000 |
| Profit on sale of plant | Rs. 5,000 |
- Q.4 i. Discuss the need for valuation of shares. **2**
 ii. Explain any one method of valuation of share. **3**
 iii. How will you define Goodwill? Explain any two methods of valuation of Goodwill of a company. **5**

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- OR iv. On 31st March 2012, the balance sheet of Ram Ltd. and Shyam Ltd. were as follows- **5**

Liabilities	Ram Ltd.	Shyam Ltd.	Assets	Ram Ltd.	Shyam Ltd.
Share Capital @ Rs. 1 each	60,000	24,000	Fixed Assets	33,600	24,000
Profit & Loss A/c	6,000	2,400	Goodwill	--	2,400
Creditors	3,600	2,400	Current Assets	31,200	3,600
Bills Payable	2,400	1,200	2000 Shares in Shyam Ltd.	7,200	
Total	72,000	30,000		72,000	30,000

Valuation of fixed assets of Ram Ltd. and Shyam Ltd. is Rs. 48,000 and Rs. 30,000 respectively. Value of goodwill is nil. Find out the value of shares of both the companies by asset valuation.

- Q.5 Attempt any two: **5**
 i. Explain Minority Shareholders' Interest. How is it calculated? **5**
 ii. Write the short note on the powers and duties of liquidator. **5**
 iii. Following are the Balance Sheets of Cola Ltd. and Soda Ltd. as on 31st March 2019. **5**

Liabilities	Cola Ltd.	Soda Ltd.	Assets	Cola Ltd.	Soda Ltd.
Share Capital @ Rs. 10 each	1,20,000	50,000	Fixed Assets	1,00,000	20,000
General Reserve	50,000	10,000	Current assets	50,000	30,000
P & L A/c	20,000	10,000	Investment in Soda Ltd. (5000 shares)	65,000	--
Creditors	70,000	5,000			
Bills Payable	5,000	5,000			
	2,65,000	80,000		2,65,000	80,000

Shares were acquired by Cola Ltd. on 30th September 2018. Soda Ltd. transferred Rs. 5000 from Profits to reserve on 31st March 2019. Prepare the consolidated Balance Sheet.

- Q.6 Attempt any two: **5**
 i. What is Capital Reduction Account? What is the need of this? How is it prepared? **5**

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Marking Scheme CM3CO09 Corporate Accounting

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

Q.1	i.	Maximum discount that can be allowed on reissue of shares is- (c) Up to forfeited amount of shares	1
	ii.	Discount on issue of debenture is a – (d) Fictitious Asset	1
	iii.	The maximum rate of remuneration to the manager is: (d) 5%	1
	iv.	Dividend earned by a financial company is: (c) Both (a) and (b)	1
	v.	The goodwill related to a specific place is called goodwill: (a) Cat	1
	vi.	The excess of net assets over purchase consideration is called: (b) Capital reserve	1
	vii.	The consolidated balance sheet is prepared in the books of.....company: (a) Holding	1
	viii.	Voluntary liquidation of company means: (c) Member's and Creditor's voluntary winding up	1
	ix.	The main objective of amalgamation is: (d) All of these	1
	x.	Consolidation of shares means: (a) Conversion of high face value shares into low face value shares	1
Q.2	i.	Define forfeiture Reissue of shares	2 marks 2 marks 4
	ii.	Pass necessary journal entries in the books of the company for the above transactions & prepare balance sheet.	6 Stepwise marking
OR	iii.	Define Debenture Explain redemption of Debentures	2 marks 6 marks 6
Q.3	i.	'Reserves and Surplus'	(1 item=1 mark) 4
	ii.	Define 'managerial remuneration Determined	2 mark 4 mark 6
OR	iii.	Calculate the amount of net profit u/s 198 of Companies Act and find out the amount of commission: (step wise marking)	6
Q.4	i.	Need for valuation of shares.	2 marks 2

	ii.	Explain any one method of valuation of share. Example	2 marks 1 mark 3
	iii.	Meaning of Goodwill Two method	1 mark (2 marks *2) 5
Q.5		Attempt any two:	
	i.	Minority Shareholders Calculated	2 marks 3 marks 5
	ii.	Powers Duties of liquidator.	2.5 marks 2.5 marks 5
	iii.	Balance Sheets	(Stepwise marking) 5
Q.6		Attempt any two:	
	i.	Meaning Need Method	1 mark 1 mark 2 marks 5
	ii.	Meaning of Amalgamation of companies Discuss the merits Demerits	1 mark 2 marks 2 marks 5
	iii.	Balance Sheet	(Step wise marking) 5
