

(i) Printed Pages: 4

Roll No. ....

(ii) Questions : 10 Sub. Code : 

2	6	2	1	5
---	---	---	---	---

Exam. Code : 

0	5	0	4
---	---	---	---

**Master of Commerce 4<sup>th</sup> Semester  
(2055)**

**Group D : (ACCOUNTING & FINANCE) ADVANCED  
CORPORATE ACCOUNTING**

(Same for USOL Candidates)

**Paper : M.C. 413**

**Time Allowed : Three Hours]**

**[Maximum Marks : 80**

**Note :—** Attempt **FIVE** questions in all by selecting at least **ONE** question from each unit. Each question carries equal marks.

**UNIT-I**

1. What do you mean by profit prior to incorporation ? How it is calculated ? Discuss its treatment in books of accounts.
2. Explain the main characteristics of investment accounts. Discuss the terms “cum-interest” and “ex-interest” in relation to investment accounts by using fictitious figures.

**UNIT-II**

3. The following scheme of reconstruction has been approved for Divya Ltd. The shareholders to receive the following in lieu of their present holding of 60,000 shares of Rs. 10 each fully paid :
  - (i) Fully paid new equity shares equal to  $\frac{1}{3}$ <sup>rd</sup> of their holding.
  - 8% preference shares fully paid, to the extent of  $\frac{1}{5}$ <sup>th</sup> of

the above new equity shares. Rs. 60,000 8% secured debentures.

- (ii) The debentures holders' total claim of Rs. 75,000 to be reduced to Rs. 25,000. This will be satisfied by the issue of 2,500 8% preference shares of Rs. 10 each fully paid.
- (iii) An issue of Rs. 50,000 6% first debentures was made and allotted, payment for the same having been received in cash.
- (iv) The goodwill which stood at Rs. 3,00,000 was written down to Rs. 50,000. Plant and Machinery which stood at Rs. 1,00,000 was written down to Rs. 75,000.
- (v) The freehold premises which stood at Rs. 1,75,000 was written down by Rs. 75,000.

Give journal entries in the books of Divya Ltd. for the above reconstruction scheme.

- 4. What is purchase consideration and how is it calculated ?
- 5. What is meant by Amalgamation ? What journal entries are passed in the books of transferor and transferee company in case of absorption ?

### UNIT-III

- 6. (A) From the following information calculate the value of goodwill on the basis of 3 years Purchase of Super Profit.
  - (i) Average Capital Employed in the business is Rs. 20,00,000.
  - (ii) Rate of Interest Expected from Capital having regard to the risk involved is 10%.
  - (iii) Net Trading Profits of the firm for the past three years were Rs. 3,50,400 Rs. 2,80,300 and Rs. 3,10,100.

(iv) Fair Remuneration to partners for their services is Rs. 48,000 p.a.

(v) Sundry Assets of the firm are Rs. 23,50,400 and current liabilities are Rs. 95,110.

(B) The issued share capital of a company was Rs. 10,00,000 consisting of 10,000 equity shares of Rs. 100 each. The net profits for the last 5 years were Rs. 1,00,000; Rs. 80,000; Rs. 1,20,000; 1,60,000 and Rs. 1,40,000 of which 20% was placed to reserve, this proportion being considered reasonable in the industry in which the company is engaged and where a fair investment return may be taken at 12%. Compute the value of the company's share by the yield value method.

7. What do you mean by valuation of shares ? With the help of suitable examples, discuss various methods of valuation of equity shares. Which method is suitable under what circumstances ?

#### UNIT-IV

8. The following are summarized Balance Sheets as on March 31, 2025 :

Capital & Liabilities	H. Ltd. (Rs.)	S. Ltd. (\$)
Share capital (Fully paid shares of Rs. 100/100\$ each)	40,00,000	1,00,000
Reserve and Surplus	15,00,000	50,000
Bank overdraft	4,00,000	20,000
Sundry Creditors	3,50,000	40,000
<b>Total</b>	<b>62,50,000</b>	<b>2,10,000</b>



Assets	H. Ltd. (Rs.)	S. Ltd. (\$)
Fixed Assets	33,30,000	1,50,000
Investments in S. Ltd.	22,80,000	
Other	1,20,000	15,000
Cash at Bank	40,000	5,000
Other Current Assets	4,80,000	40,000
<b>Total</b>	<b>62,50,000</b>	<b>2,10,000</b>

**Other Information :**

- H. Ltd. acquired 600 shares in S Ltd. on October 1, 2024.
  - The Reserves of S Ltd. on April 1, 2024 was \$ 20,000.
  - Stock of S Ltd. includes goods costing Rs. 10,000 sold by H Ltd. at the invoice price of Rs. 12,500 which were included in the books of S. Ltd. at \$ 300.
  - S Ltd. paid in November 2024 an interim dividend at 10% p.a. for 6 months ended 30<sup>th</sup> September 2024.
  - S Ltd. Remitted the amount due to H Ltd. when rate of exchange was \$ 1 = 43. Amount of dividend received was credited to Profit & Loss Account by H Ltd.
  - The Exchange rate were as under on 1<sup>st</sup> April 2024 \$ 1 = Rs. 41.00, on 30<sup>th</sup> September 2024 \$ 1 = Rs. 42.00, on 31<sup>st</sup> March 2025 \$ 1 = Rs. 44.00. Average rate \$ 1 = Rs. 42.50. Prepare consolidated Balance Sheet.
- Discuss the key principles of IAS-22.
  - What is meant by mutual owings between the holding company and subsidiary company ? How are they treated while preparing a consolidated Balance Sheet ?