(i) Printed Pages : 5 Roll No. ....

(ii) Questions : 10 **Sub. Code : 2 6 2 1 5**

Exam. Code : 0 5 0 4

Master of Commerce 4th Semester

(2056)

Group–D : (Accounting and Finance)

Advanced Corporate Accounting

Paper : MC–413 (Same for CDOE Candidates)

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

1. What do you mean by profits prior to incorporation? What is the nature of such profits? How are they calculated and treated in the books of accounts?

2. Jaipur Investment Ltd. holds 1,000 15% Debentures of Rs. 100 each in Udaipur Industries Ltd. as on 1st April 2021, at a cost of Rs. 1,05,000. Interest is payable on 30th June and 31st December each year. On 1st May 2021, 500 Debentures are

purchased-cum-interest at Rs. 53,500. On 1st November 2021, 600 Debentures are sold ex-interest at Rs. 57,300. On 30th November 2021, 400 Debentures are purchased ex-interest at Rs. 38,400. On 31st December 2021, 400 debentures are sold cum-interest for Rs. 55,000.

Prepare Investment Account valuing holding on 31st March 2022 at cost (applying FIFO method).

3. Describe the procedure of conversion of partnership into a limited company. What are the various documents required for such conversion?

UNIT–II

4. Explain the various provisions of capital reduction as given in the Companies Act, 2013.

5. Following are liabilities and assets of Y Ltd. as on 31st March 2022:

Liabilities	Rs.	Assets	Rs.
Share capital : Issued		Goodwill	8,00,000
& paid up: 2,50,000		Building	7,00,000
Equity shares of Rs. 8		Plant and	
Per share paid up	20,00,000	Machinery	13,00,000
1,00,000, 10%		Current Assets:	
preference shares of		Stock	7,00,000
Rs.10 each fully paid up	10,00,000	Sundry Debtors	9,00,000

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Reserve and Surplus:		Bank Balance	6,60,000
General Reserve	5,60,000		
Workmen's profit			
Sharing Fund	3,00,000		
Surplus A/c	8,00,000		
Current Liabilities:			
Creditors	4,00,000		
	50,60,000		50,60,000

X Ltd. decided to absorb the business of Y Ltd. at the respective book value of assets and trade liabilities except building which was valued at Rs. 12,00,000 and Plant and Machinery at Rs. 10,00,000.

The purchase consideration was payable as follows:

(i) Payment of liquidation expenses Rs. 5,000 and workmen's profit sharing fund at 10% premium;

(ii) Issue of equity shares of Rs. 100 each fully paid at Rs. 11 per share for every preference share and every equity share of Y Ltd., and a payment of Rs. 4 per equity share in cash.

Calculate the purchase consideration; show the necessary ledger accounts in the books of Y Ltd., and opening journal entries in the books of X Ltd.

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UNIT–III

6. What is meant by Goodwill? Discuss the various methods of calculating goodwill.

7. On the basis of following information, calculate the intrinsic value of an equity share:

5,000 6% Preference Shares of Rs. 100 each fully paid	Rs. 5,00,000
30,000 Equity Shares of Rs. 10 each fully paid	Rs. 3,00,000
Total Tangible Assets (other than goodwill)	Rs. 9,49,000
Total Outside Liabilities	Rs. 95,000
Average Net Profit after Tax	Rs. 62,560

Expected normal yield for equity shares is 7% of capital employed. Goodwill is to be taken at 5 years' purchase of super profit, if any.

UNIT–IV

8. What is a Holding Company? How does a holding company come into existence?

9. Liabilities and Assets of H Ltd. and its subsidiary S Ltd. as on 31st March 2022 were as follows:

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Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd.
Share Capital (Shares of Rs.1 each)	10,00,000	6,00,000	Sundry Assets	16,00,000	10,00,000
General Reserve	4,00,000	-----	Investment in S Ltd. (4,00,000 Shares)		
Surplus Account	4,00,000	1,80,000		4,00,000	-----
Creditors	2,00,000	2,20,000			
	20,00,000	10,00,000		20,00,000	10,00,000

The shares were purchased by H Ltd. in S Ltd. on 30th September 2021. On 1st April 2021, Surplus account of S Ltd. showed a loss of Rs. 3,00,000 which was written off out of the profits earned during the year. Profits were earned uniformly for the year 2021-22.

Prepare a consolidated Balance Sheet of H Ltd. and S Ltd. as on 31st March 2022 giving all workings.

10. Explain the following terms:

(a) Minority Interest

(b) Cost of Control

(c) Mutual Owings

(d) Capital Profits. 4×4=16