

Examination B. Com Semester-IV  
Advance Corporate Accounting (Non-CBCS)

Time allowed: 3 hrs

Max. Marks: 80

Section-A

Note: Attempt all questions. Each question carries five marks.

1. Explain super profit method of valuation of goodwill.
2. What are the circumstances in which there is need for valuation of shares of a joint stock company?
3. What do you mean by the term 'contributory'? Describe the various types of contributories.
4. What do you mean by internal reconstruction of a company? Why it is resorted to?

SECTION – B

Note: Attempt any four questions, selecting one question from each unit. Each question carries 15 marks.  
5. The net profit of a business after providing for taxation for the past five years are Rs. 40000, Rs. 42,500, Rs. 46000 Rs. 52,500 & 59000. The capital employed in the business is Rs. 40,0000. The normal rate of return expected in this type of business is 10%. It is expected that company will be able to maintain its super profit for the next 5 years.

Calculate the value of goodwill on the basis of:-

- i) Five year's purchase of super profits;
- ii) Annuity method, taking the present value of annuity of Rs. 1 for the five year at 10% as 3.78; &
- iii) Capitalization of super profit.

OR

6. Calculate the value of goodwill at three years purchase of average profits for past four years. The profits are 2012-Rs.20200, 2013-Rs.24800, 2014-Rs.20000, and 2015-Rs.30000.

On 1.9.14 major repair of plant was charged to revenue at Rs. 6000. It is agreed to capitalize. It subject to depreciation at 10% p.a. on reducing installment. The closing stock of 2013 was over value by Rs. 2400. To cover partner's remuneration a sum of Rs. 4800 p.a. shall have to be incurred.

7. From the balance sheet and information given below of A. Ltd. on 31<sup>st</sup> March 2016. Find the value of one equity share by 'Intrinsic Value method' and 'Yield method':-

- a) Company's prospects for next years are good.
- b) Building are now worth Rs. 350000.
- c) Profits for the last 3 years have shown on annual increase of Rs. 50,000. The annual transfer to reserves is 25% of net profit.
- d) Preferential shares are preferential as to capital and dividend; and
- e) Normal rate of return expected is 15%.

OR

8. Indicate the steps involved in solving shares under 'Net assets basis method'. Critically examine the merits and demerits of this method.

9. Balance sheet of S. Ltd. as on 31<sup>st</sup> December, 2015.

	Rs.
1. Equity and liabilities	
i) Shareholders Funds	
Share Capital	
a) 2000 equity shares of Rs. 100 each fully paid	2,00,000
b) 3000 Equity shares of Rs. 100 each Rs. 50 per share paid	1,50,000
c) 1000 6% preference shares of Rs. 100 each	1,00,000

ii) Non-current liabilities	
a) 6% debentures	1,00,000
b) Loan on mortgage of land & building	1,00,000
iii) Current liabilities	
a) Sundry creditors	90,000
b) Income tax payable	10,000
Total:	7,50,000
<b>2. Assets</b>	
i) Non Current Assets	
a) Land and Building	2,00,000
b) Plant and Machinery	3,20,000
ii) Current Assets	
a) Stock	1,00,000
b) Debtors	1,00,000
c) Cash at bank	30,000
Total:	7,50,000

The company went into liquidation on 1st of January, 2016. The preference dividends were in arrears for three years. The arrears are payable on liquidation. The assets were realized as follows: Land and Building Rs 2,40,000; Plant and Machinery Rs 1,80,000; Stock Rs 70,000; Debtors Rs 60,000. The expenses of liquidation amounted to Rs. 8000. The liquidator is entitled to a commission of 2% on all assets realized except Cash at bank and 3% on amount distributed to secured credits. All payments are made on 30<sup>th</sup> June 2016. Prepare Liquidator's Final Statement of Account.

OR

10. a) Explain the various list to be attached to the Statement of Affairs (in case of Liquidation of a Company).  
b) When full asset for secured creditors is not paid, how will you treat it while preparing Statement of Affairs in case of Liquidation of a company.

11. Following is the Balance sheet of C Ltd. as on 31<sup>st</sup> March 2015.

	Rs
<b>1. Equity and Liabilities</b>	
i) Shareholders Funds	
a) Share Capital	
Authorized Capital	
50000 Equity shares of Rs 10 each	5,00,000
50000 Preference shares of Rs 10 each	5,00,000
Issued and Paid-up Capital	
25000 Equity shares of Rs 10 each	2,50,000
25000 Preference shares of Rs 10 each	2,50,000
b) Reserve and Surplus	
Surplus A/C (Negative Balance)	-1,23,000
ii) Current Liabilities <u>Shareholders fund</u>	
a) Sundry Creditors	40,000
b) Bank overdraft	36,000
Total:	4,53,000

2. Assets	
i) Non Current Assets	
a) Tangible Assets	
Leasehold Premises	1,07,000
Plant and Machinery	60,000
b) Intangible Assets	
Goodwill	22,000
Patents	1,73,900
ii) Current Assets	
a) Stock	34,000
b) Debtors	56,000
c) Cash	100
Total:	4,53,000

The following scheme of reconstruction is executed:

- (i) That the Preference Shares be reduced to an equal number of fully paid shares of Rs 5 each.
- (ii) That the Equity Shares be reduced to an equal number of fully paid shares of Rs 2.50 each.
- (iii) That the amount so available be utilized towards wiping out losses and reduction of Capital as follows:

Goodwill and Surplus (Negative Balance) to be written off entirely, Rs 27,000 to be written off in case of Leasehold Premises, Rs 14,000 to be written off in case of Stock, Rs 6,000 to be provided for doubtful debts, 20% to be written off in case of Stock, Rs 6,000 to be provided for doubtful debts, 20% should be written off Plant and Machinery and the balance be written off Patents.

Make Journal entries in the books of the company and prepare balance sheet giving effects to the above scheme.

OR

12. Explain the various provisions of Capital reduction as given in the Companies Act 2013.