Name:

Enrolment No:

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, December 2018

Course: Corporate Accounting **Course Code: CLNL2020**
Programme: B.COM. LLB (Hons) Taxation Laws 2017 **Semester: III**
Time: 03 hrs. **Max. Marks: 100**
Instructions: Attempt all the Questions

SECTION A

S. No.		Marks	CO
Q 1	Define Goodwill.	**2**	**CO2**
Q 2	What do you mean by Authorized Share Capital?	**2**	**CO1**
Q 3	What are Right Shares	**2**	**CO2**
Q 4	What is the meaning of Company's Liquidation?	**2**	**CO4**
Q 5	What is acquisition of business?	**2**	**CO3**

SECTION B

Q 6	What is Transferor and Transferee Company? What accounting entries are made in the books of Transferor Company and Transferee Company?	**10**	**CO4**
Q 7	Compare and Contrast Amalgamation, Absorption and Reconstruction?	**10**	**CO3**

SECTION-C

Q 8	LT Ltd. went into Liquidation with the following Liabilities. Secured Creditors - Rs 40,000 (Securities realized Rs 50,000) Preferential Creditors - Rs 1,200 Unsecured Creditors - Rs 61,000 Liquidation Expenses - Rs 500 The liquidator is entitled to remuneration of 3% on the amount realized (including securities in the hands of secured creditors) and 1½% on the amount distributed to unsecured creditors. The various assets (excluding the securities in the hands of the secured creditors) realized are Rs 52,000. Prepare the Liquidator's statement of account showing the payment made to the unsecured creditors.	**10**	**CO4**
Q 9	The average net profits of a business for three years as adjusted for valuation of goodwill amounted Rs 2,50,000. The net tangible assets employed were of the value of Rs 20,00,000. Assuming that 10% represented a fair commercial return. Calculate the amount of Goodwill on the basis of : (a) Three years' purchase of super profits; (b) Capitalisation of Super Profit Method.	**10**	**CO2**

(c) Annuity Method, taking the present value of annuity of Re. 1 for three years at 10% is Rs 2.4868.

SECTION-D

Q 10 The following is the Balance Sheet of Inder Ltd. as on December 31, 2014

Liabilities	Rs	Assets	Rs
Share Capital 40,000 shares of Rs 10 each	4,00,000	Land and Buildings	2,20,000
General Reserve	80,000	Machinery at Cost (Less Depreciation)	2,30,000
Workman Saving a/c	60,000	Trade Marks	40,000
Profit and Loss a/c	64,000	Stock	96,000
Sundry Creditors	1,96,000	Debtors	1,76,000
Provision for taxation	1,20,000	Cash	1,04,000
		Preliminary Expenses	24,000
	9,20,000		9,20,000

The machinery is worth 2,40,000 and Land & Building have been valued at 4,80,000 by an Independent valuer. Rs 16,000 of the debt are bad. The profits of the company have been as follows:

2012- Rs 1,60,000, 2013- Rs 1,80,000 and 2014- Rs 2,12,000

It is the company's practice to transfer 25% of the profits to reserve, ignoring taxation. Similar companies give a yield of 10% on the market value of their shares. Goodwill may be taken to be worth Rs 3,20,000.

Find out the value of shares by:

(i) Net Asset Method
(ii) Yield Method
(iii) Fair Value Method

20 **CO2**

Q 11 Following information of XYZ Ltd. as at 31st March is as follows:

Particulars	**Rs.**
Authorized Share Capital 1,50,000 Equity Shares of Rs 10 each	15,00,000
Issued, Issued Subscribed and Paid-up: 80,000 Equity Shares of Rs 10 each Rs 7.50 each called up.	6,00,000
Capital Redemption Reserve	1,50,000
Plant Revaluation Reserve	20,000
Securities Premium Reserve	1,50,000
Development Rebate Reserve	2,30,000
Investment Allowance Reserve	2,50,000
General Reserve	3,00,000
	17,00,000
Sundry Assets	17,00,000

The company wanted to issue bonus shares to its shareholders at the rate of one share for every two shares held. Necessary resolutions were passed, requisite legal requirements were compiled with.

20 **CO2**

	(a) You are required to give effect to the proposal by passing journal entries in the books of XYZ Ltd. (b) Show the Amended balance sheet as per the Schedule III of Companies Act 2013.		
Q 12	Z Ltd. forfeited 200 shares of the par value of Rs 100 each. On these shares only application of Rs 30, and allotment of Rs 70 was made and Rs 20 of premium was included in allotment. Balance was to be paid on call but was not paid. Case 1 – All of the shares were re-issued at Rs 60 each fully paid up. Case 2 – All of the shares were re-issued to Mr. X at Rs 120 each fully paid up. Pass Journal Entries for Forfeiture and Re-issue of Shares.	**10**	**CO1**

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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, December 2018

Course: Corporate Accounting (Set-2) **Course Code: CLNL 2020**
Semester: III
Programme: B.COM. LLB (Hons) Taxation Laws 2017
Time: 03 hrs. **Max. Marks: 100**
Instructions: Attempt all the Questions

SECTION A

S. No.		Marks	CO
Q 1	What do you mean by Debenture?	**2**	**CO1**
Q 2	Define Valuation of Shares?	**2**	**CO2**
Q 3	What is Bonus Issue?	**2**	**CO2**
Q 4	What is the meaning of Liquidation of Company?	**2**	**CO4**
Q 5	What do you understand by Amalgamation?	**2**	**CO3**

SECTION B

Q 6	What are the various methods of Purchase Consideration?	**10**	**CO3**
Q 7	Explain the various methods of Valuation of Goodwill.	**10**	**CO2**

SECTION-C

Q 8	A Ltd. forfeited 150 shares of Rs 10 each on which allotment of Rs 7 including premium of Rs 2 and Rs 2 on final call was not received from Mr. J a shareholder. Case 1 – All the forfeited shares were re-issued to Mr. Ravi at Rs 8 each fully paid up. Case 2 – All of the forfeited shares were re-issued to Mr. Rajat at Rs 12 each fully paid up. Pass Journal Entries for Forfeiture and Re-issue of Shares.	**10**	**CO1**
Q 9	A Ltd. went into Voluntary Liquidation. The following are the details: Assets Realised - Rs 40,000 Liquidator's Remuneration - Rs 5,000 Unsecured Creditors - Rs 20,000 Preference share capital is Rs 20,000 (2,000 shares of Rs 10 each). Equity share capital consists of: 1,000 shares of Rs 10 each, Rs 9 called and paid up Rs 9,000 2,000 shares of Rs 10 each, Rs 5 called and paid up Rs 10,000 You are required to prepare the "Liquidator's statement of Account."	**10**	**CO4**

SECTION-D

Q 10

Shilpa Ltd. has following account balances as on 31st March as follows:

Particulars	Rs	Particulars	Rs
Issued and Fully Paid:		Land and Building	20,00,000
50,000, 9% Preference share @ Rs 20 each fully paid	10,00,000	Plant	5,00,000
90,000 Equity shares of Rs 20 each fully paid	18,00,000	Fixtures and Fittings	1,00,000
		Motor Vans	40,000
Securities Premium Account	2,00,000		
		Stock	6,60,000
General Reserve	4,00,000		
		Debtors	2,40,000
Surplus	5,00,000		
		Investment	6,00,000
Current Liabilities	6,00,000		
		Bank	3,60,000

The company exercises its option to redeem all the preference shares at a premium of 5% on April 1. To finance the redemption, all the investments were sold realizing Rs 5,60,000. A fresh issue of 10,000 ordinary shares of Rs 20 was made at Rs 24 per share payable in full on April 1. These were duly subscribed for and the full amount was received on that date. The directors wish that only minimum reduction be made in the revenue reserves. You are required to draft Journal Entries including those related to cash, to record the above transactions and to set out the balance sheet of the company as it would then appear.

20 **CO1**

Q 11

The net profit of a business after providing for taxation, for the past five years are: Rs 40,000, Rs 42,500, Rs 46,000, Rs 52,500 and Rs 59,000. The capital employed in the business is Rs 4,00,000. The normal rate of return expected in this type of business is 10%. It is expected that the company will be able to maintain its super profit for the next 5 years.

Calculate the value of Goodwill on the basis of :
a) Five years’ purchase of super profits;
b) Annuity method, taking the present value of annuity of Re.1 for five years at 10% as 3.78; and
c) Capitalisation of super profits.

10 **CO2**

Q 12

The following is the Balance Sheet of Inder Ltd. as on December 31, 2014

Liabilities	Rs	Assets	Rs
Share Capital 50,000 shares of Rs 10 each	5,00,000	Land and Buildings	3,20,000

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<tr><td>General Reserve</td><td>70,000</td><td>Machinery at Cost (Less Depreciation)</td><td>3,40,000</td></tr>
<tr><td>Workman Saving a/c</td><td>70,000</td><td>Trade Marks</td><td>50,000</td></tr>
<tr><td>Profit and Loss a/c</td><td>74,000</td><td>Stock</td><td>96,000</td></tr>
<tr><td>Sundry Creditors</td><td>2,00,000</td><td>Debtors</td><td>1,84,000</td></tr>
<tr><td>Provision for taxation</td><td>2,20,000</td><td>Cash</td><td>1,12,000</td></tr>
<tr><td></td><td></td><td>Preliminary Expenses</td><td>32,000</td></tr>
<tr><td></td><td>11,34,000</td><td></td><td>11,34,000</td></tr>
</table>
The machinery is worth 3,50,000 and Land & Building have been valued at 5,00,000 by an Independent valuer. Rs 20,000 are bad Debts. The profits of the company have been as follows:
2012- Rs 2,60,000, 2013- Rs 2,80,000 and 2014- Rs 3,12,000
It is the company’s practice to transfer 25% of the profits to reserve, ignoring taxation. Similar companies give a yield of 10% on the market value of their shares. Goodwill may be taken to be worth Rs 4,20,000.
Find out the value of shares by:
(i) Net Asset Method
(ii) Yield Method
(iii) Fair Value Method
</td>
<td>**20**</td>
<td>**CO2**</td>
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