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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, May 2018

Program: Int. B.com LLB TL B1 & B2
Subject (Course): Corporate Accounting
Course Code: BBCF 231
No. of page/s:3

Semester : IV
Max. Marks : 100
Duration : 3 Hrs

Section - A 5 x 2 = 10 Marks

1. Debentures are shown the following heading in a company's Balance sheet:
a) Secured loan b) Unsecured loans c) Current Liabilities
2. Super Profit is the difference between _____
a) Capital employed and Average capital employed b) Average profit and normal profit
b) current year profit and last year profit
3. X Ltd purchased business of A & co and agreed to settle purchase consideration by the allotment of 1000 equity Share of Rs. 10 each at 10% premium to partners, 500 10% Debenture of Rs. 100 each at par for loan creditors and Rs. 50,000 in cash to partners. what is the total purchase consideration of A & Co?
a) 1,10,000 b) 1,11,000 c) 61,000
4. Any sum due to an employee out of provident fund is an example of _____
a) Unsecured creditors b) Secured creditors c) Preferential creditors
5. From the view point of valuation of goodwill, the term 'Capital Employed' means the fund provided by _____
a) Debenture holders b) Shareholder c) Both

Section - B 3 x 10 = 30 Marks

6. What is Bond? Mention the participants and terminologies. And how it differs from shares?
7. What is Goodwill? Explain the factors affecting and which circumstance goodwill is valuating?
8. Discuss about the reasons, methods and steps for Acquiring business. And show the journals which appear in the books of seller.

Section - C 60 Marks

9. On 31.3.2008 the date of liquidation of the company, Balance sheet was under: **(15marks)**

Liabilities	Rs.	Assets	Rs.
Share capital:		Land and Buildings	5,00,000
7% preference share	1,00,000	Plant and Machinery	3,00,000
6,000 equity share of Rs. 10 each	60,000	Stock	4,00,000
	12,00,000	Debtors	6,80,000
6% debenture of Rs. 100 each	8,000	Cash at bank	51,000
Creditors	8,50,000	Profit & Loss	2,87,000
Unsecured Due			
	22,18,000		22,18,000

The assets were realized as under:

Land & Buildings Rs. 3,50,000, Plant & Machinery Rs. 2,00,000, Debtors Rs. 6,00,000, Stocks Rs. 4,61,000, Liquidations expenses 2,000, legal charges 1,000.

Remuneration of liquidator :1/2 % on asset realized (including cash) and 2% on unsecured creditors

Creditors show in the balance sheet include Rs. 2,000 preferential. Prepare liquidator final statement.

10. Balance sheet of x Ltd as on 31.3.2006: **(15marks)**

Liabilities	Rs.	Assets	Rs.
Share capital:		Goodwill	10,000
5000 8% preference share 10 each	50,000	Fixed asset	1,80,000
10,000 equity share of Rs. 10 each	1,00,000	Investment (5% Govt. loans)	20,000
Reserves (including provision for taxation Rs. 10,000)	1,00,000	Current Assets	1,00,000
8% debenture of	50,000	Preliminary expenses	10,000
Creditors	25,000	Dis on Debentures	5,000
	3,25,000		3,25,000

The Average profit of the company (after debentures and taxes) is Rs. 30,000. The Market value of the machinery included in fixed assets is Rs. 5,000 more. Expected rate of return is 10%. Evaluate the goodwill of the company at 5 times of the super profit and capitalization of super profit.

11. A Limited issued 5,000, 10% debentures of Rs 100 each, at a premium of Rs 10 per debenture payable as follows: **(10marks)**
On application Rs 25
On allotment Rs 45 (including premium)
On first and final call Rs 40
8000 debentures application were received excess application money were rejected and all money was duly received.
- Record the necessary entries for receiving 3 instalments in the books of the company.
 - Record the entry for receiving in one instalment.
12. From the following information calculate the value of goodwill under capitalization method **(10marks)**
- Average capital employed Rs. 12,00,000.
 - Company declares 15% dividend on the shares of Rs. 20 fully paid, which is quoted in the market at Rs. 25.
 - Sundry assets of the firm Rs. 15,85,000 and sundry liabilities Rs. 62,654 and
 - Net trading profits of the firm for the past 3 years Rs. 2,15,200, Rs. 1,81,400, and Rs. 2,25,000.
13. Mirthula Ltd. Has taken over the business of Mr. Ram. The Purchase consideration was Rs. 2,00,000 which settled by the issue of 1,500 equity share of Rs.100 each at premium of Rs. 2 and balance in cash. Value of assets taken over Rs. 3,00,000 and liabilities taken over Rs. 50,000. Pass the necessary entries in books of purchasing company. **(10marks)**