



Institute of Management
JK Lakshmipat University
Jaipur

END TERM EXAMINATION 2016



B.Com. (Hon.) Sem-IV
MM: 50 Marks

Course: Corporate Accounting (C.ACC.)
Time: 3 Hours
Subject code: BCH402

Instructions: Attempt any three questions from Section A. Section B is compulsory.

Section A

Q1. Describe the concept of goodwill and explain the various methods of its valuation.

(10 marks).

Q2. The following particulars are available of ADPS Exports Ltd.

- (a) Capital: 45,000 6% Preference Shares of Rs. 10 each, fully paid-up;
45,000 Equity Shares of Rs. 10 each, fully paid-up.
- (b) External liabilities Rs. 75,000.
- (c) Reserves and Surplus Rs. 35,000
- (d) Average profit after taxation, earned every year by the company Rs. 85,050.
- (e) The Normal Profit after earned on the market value of equity shares, fully paid, on the same type of company is 9%.
- (f) Company transfers every year Rs. 10,000 to reserve.

Calculate fair value of share assuming that out of the total assets, assets worth Rs. 3,500 are fictitious.

(10 marks).

Q3. Badluck Ltd. went into voluntary liquidation. The details regarding liquidation are as follows:

Share Capital:

- 4,000 8% Preference Shares of Rs. 100 each (fully paid-up)
- Class A 4,000 Equity Shares of Rs. 100 each (Rs. 75 paid-up)
- Class B 3,200 Equity Shares of Rs. 100 each (Rs. 60 paid-up)
- Class C 28,000 Equity Shares of Rs. 10 each (Rs. 5 paid-up)

Assets including machinery realized Rs. 8,40,000. Liquidation expenses including remuneration of liquidator amounted to Rs. 30,000. The company has borrowed a loan of Rs. 1,00,000 from Patil Brothers against the mortgage of machinery (which realized Rs. 1,61,000). In the books of the company salaries of eight clerks for four months at a rate of Rs. 300 per month and salaries of eight peons for three months at a rate of Rs. 150 per month, are outstanding. In addition to this, the company's books shown the creditors worth Rs 1,74,800. Prepare liquidator's statement of receipt and payments.

(10 marks).

Q4. How are the following items exhibited in the Profit & Loss Account of Bank?

- (a) Bad debts and provision for doubtful debts.
- (b) Loss on sale or price reduction of investments.
- (c) Income from interest and discount.
- (d) Income, profit or loss on non-banking assets.

(10 marks).

Q5. Explain the important provisions of IRDA Act in respect of Insurance Companies Accounts.

(10 marks).

Section B

Q6. The following are the balance sheets of X Ltd. And Y Ltd. As at 31st March, 2015:

Balance Sheets

	X Ltd. (Rs.)	Y Ltd. (Rs.)
I. Equity and Liabilities:		
1. Shareholders' Funds		
Authorised, Issued and subscribed Equity Share of Rs. 100 each	5,00,000	2,00,000
Reserves and Surplus:		
General Reserve	1,00,000	80,000
Profit and Loss A/C	1,40,000	70,000

2. Non-Current Liabilities:		---	---
3. Current liabilities:			
Bills Payable		--	40,000
Creditors		80,000	50,000
	Total	8,20,000	4,40,000
II. Assets:			
1. Fixed Assets:			
Land and Building		2,00,000	1,30,000
Plant and Machinery		1,60,000	1,00,000
Goodwill		40,000	30,000
Non-Current Investments:			
1,500 Shares in Y Ltd.		2,40,000	--
2. Current Assets:			
Stock		80,000	80,000
Bills Receivables		20,000	75,000
Debtors		50,000	--
Cash and Cash Equivalent		30,000	25,000
	Total	8,20,000	4,40,000

On April 1, 2015 general reserve account and the profit and loss account of Y Ltd. showed a credit balance of Rs. 60,000 and Rs. 50,000 respectively. X Ltd. acquired the shares in Y Ltd. on October 1, 2014. The bills payable of Y Ltd. were all issued in favour of X Ltd. out of which bills worth Rs. 20,000 were discounted and bills worth Rs. 10,000 were endorsed.

Included in the creditors of Y Ltd. is Rs 20,000 for goods supplied by X Ltd.

Included in the stock of Y Ltd. are goods to the value of Rs. 8,000 which were supplied by X Ltd. at a profit of 33.33% on cost.

Prepare the Consolidated Balance Sheet as at 31st March 2015. Give working notes in detail.

(20 marks).