



Progressive Education Society's
Modern College of Arts, Science & Commerce (Autonomous)

Ganeshkhind, Pune 16

End Semester Examination: October, 2023

Faculty of Commerce

(Semester - III)

Class: S.Y. B.Com.

Name of the Course: CORPORATE ACCOUNTING – I

Course Code: 23-COB231

Course type: CC

Time: 3 hrs.

Marks: 70

Instructions to the candidates:

- 1) Q. No. 1 is compulsory.*
- 2) Solve any 2 questions from the remaining i.e. No. 2, 3 & 4.*
- 3) Use of a simple calculator is allowed.*
- 4) Figures to the right side indicate full marks*

Section A

Q. 1. (a) Fill in Blanks (Any Five) (5)

1) Which accounting standard is applicable for Amalgamation

A) AS 14

B) AS 12

C) AS 15

D) AS 16

2) Salary to Salesmen is divided in the ratio of

A) Sales

B) Time

C) Purchase

3) Pre-incorporation Profit Should be taken as.....

- A) Capital Profit
- B) Revenue Profit
- C) Gross Profit
- D) Total Profit

4) Intrinsic Value Method is also called as.....

- A) Asset Backing method
- B) Fair value method
- C) Yield method
- D) None of the above

5) The shares received from the new company are recorded at.....

- A) Average price
- B) Market value
- C) Face value
- D) None of these

(B) State whether followings Statements Are True or False

(5)

1. Interest on Debentures is to be charged to the pre-incorporation Period.

- A) False
- B) True

1. Capital Loss may be debited to the goodwill account

- A) True
- B) False

2. A Subsidiary Company Cannot acquire shares in the holding company

- A) True

B) False

3. Dividend cannot be declared on out of capital Reserve

A) True

B) False

1. Valuation of Shares is basically needed for amalgamation of companies.

A) True

B) False

C) Match the following:

(5)

Column A	Column B
I) Advertisement	a. Time Ratio
II) AS 7	2. Accounting for Construction contract
III) Interest on Bank Overdraft	3. Earning Capacity
IV) Depreciation	4. Finance Cost
V) Yield value	5. Sales Ratio

D) Write Short Notes (Any Three)

(15)

1. Net Asset Method
2. Tangible Assets
3. Profit Post Incorporation
4. Need for valuation of shares.
5. Employee Benefit Expenses.

Q2) Madhav ltd. Malkapure was incorporated with an Authorized Capital of Rs 5,00,000 divided into 5,000 Equity Shares of Rs. 100 each. The Following Trial balance as on 31st March 2022.

Particulars	Amount	Particulars	Amount
Trade Receivables (Current)	1,80,000	Capital Reserve	7,500
Trade Investment (Non-current)	25,000	Profit and loss account balance on 1 st April 2021	35,000
Business Premises	1,80,000	Deposit with public (Unsecured)	14,700
Raw Material stocks as on 1 st April 2021	11,900	Interest on Trade Investment	2,500
Freight Outward	4,800	Unclaimed Dividend	3,300
Salaries and Wages	64,400	Trade Payable	1,04,000
Motor Vehicles	40,000	Share Capital	3,50,000
Staff Welfare Expenses	9,100	Acceptances	18,900
Repairs to buildings	17,300	Rent Payable	8,000
Cash in Hand	8,500	8% Debentures	50,000
Bank Balance with current Account	29,600	Pension Fund	13,000
Sales Returns	9,000	Dividend Equalization Fund	25,000
Purchases	2,53,000	Provision for employment benefit	6,500
Freight Inward	5,100	Purchases Returns	13,000
Bills Receivables	30,300	Sundry income Received in Advance	300
Furniture and Fixtures	50,000	Sales	5,09,000
Contribution to pension fund	2,000	Other operating Revenue	10,000

Bad Debts	3,100	Debenture redemption Reserve	11,000
Power and Fuel	9,300	Miscellaneous income Received	2,700
Goodwill	40,000	Bank Overdraft	14,600
Insurance	13,100	Bank Interest	500
Plant	2,00,000		
Rent and Taxes	7,500		
Preliminary Expenses	6,000		
Interest Receivable on investment	500		
Total	11,99,500	Total	11,99,500

Additional Information-

- 1) Interest on 8 % Debenture is outstanding for the year 2021-22
- 2) Provide Rs. 15,100 for Taxation
- 3) Provide depreciation @ 5 % p.a. on Business premises and Motor vehicles per straight line Method.
- 4) Provision for Bad and Doubtful Debts is to be made @ 5% on Trade Receivable.
- 5) The directors proposed a dividend of 8 % on Equity Share Capital.
- 6) Stock of Raw Material as on 31st March 2019 amounted to Rs. 17,000/-
- 7) Preliminary expenses to be written off completely as per AS-26

You are requiring to prepare financial statements of the company

Q.3) Abhishek Pvt. Ltd; Mumbai was incorporated on 30th April,2019 to acquire a running business from 1st January,2019. The purchase price was agreed at Rs. 90,000 payables in equity shares of Rs. 10 each. The following is the Profit and Loss Account for the year ended 31st December,2019.

(20)

Debit Balance	Amount	Credit Balance	Amount
To Opening Stock	35,000	By Sales	3,00,000
To Purchase	2,10,000	By Closing Stock	35,000
To Gross Profit C/D	90,000		
	3,35,000		3,35,000
To Salary	12,000	By Gross Profit B/D	90,000
To Bad debts	1,500	By Bad debts	2,000
To Debenture Interest	2,500		
To Directors Fees	2,400		
To Audit Fees	3,100		
To Discount Allowed	1,800		
To Depreciation on Plant & Machinery	12,000		
To Interest on Vendors	1,500		
To General Expenses	2,400		
To Publicity Charges	12,000		
To Printing & Stationery	4,800		
To Commission to traveling salesman	6,000		
To Net Profit C/D	30,000		
	92,000		92,000

Additional Information:

1. The yearly turnover amounted to Rs. 3,00,000 of which sales up to 1st May, 2019 were Rs. 1,00,000.
2. The purchase consideration was settled on June 30,2019.
3. Bad Debts of Rs. 300 related to sales effected after incorporation and recovery of Bad debts was in respect of debts written off during 2017.

Prepare a statement showing profits prior to and post-incorporation period.

Q.4. A) From the following information relating to Adwani Ltd; Ahmednager,

Compute Intrinsic Value of each Equity Share.

(14)

Balance Sheet as on 31st March, 2019

Liabilities	Amount	Assets	Amount
Share Capital:		Goodwill	35,000
Issued Paid up Capital		Land and Building	95,000
*20,000 equity shares of	2,00,000	Plant and Machinery	1,35,000
Rs.10 each		Investments	55,000
*13,000 Preference shares	1,30,000	Stock- in-Trade	65,000
of Rs.10 each		Trade Debtors	36,000
Reserve Fund	60,000	Cash in hand	24,000
Trade Creditors	45,000	Underwriting Commission	15,000
Bills Payable	20,000		
Taxation Provision	5,000		
Total	4,60,000	Total	4,60,000

For the purpose of valuing the equity shares of the company, various assets were revalued as under:

1. Book Debts realized 100% of book value
2. Stock-in trade realized at a profit of Rs. 15,000
3. Investments Rs. 60,000
4. Goodwill Rs. 50,000
5. Land and Building Rs.1,10,000
6. Plant & Machinery Rs.1,40,000

Q. 4.B) On March 1, 2022, B Ltd. purchased land of Rs. 8,00,000/- for a factory site. B Ltd., raised an old building on property and sold material it salvaged from the demolition. B Ltd., incurred additional costs and realized salvaged Proceeds During March 2022, as follows:

Legal fees for purchase contract and recording ownership	Rs. 20,000/-
Title guarantee insurance	Rs. 24,000/-
Demolition of building	Rs. 1,00,000/-
Proceeds from Salvaged material	Rs. 16,000/-

Compute the balance to be shown in the land account as on 31st March, 2022.

[6]

