

0303

B.B.A. IIIRD SEMESTER EXAMINATION, 2019

Paper – III

CORPORATE ACCOUNTING

Time: Three Hours

Maximum Marks: 80

PART – A (खण्ड – अ)

[Marks: 20]

Answer all questions (50 words each).

All questions carry equal marks.

सभी प्रश्न अनिवार्य हैं। प्रत्येक प्रश्न का उत्तर 50 शब्दों से अधिक न हो।

सभी प्रश्नों के अंक समान हैं।

PART – B (खण्ड – ब)

[Marks: 40]

Answer five questions (250 words each).

Selecting one from each unit. All questions carry equal marks.

प्रत्येक इकाई से एक-एक प्रश्न चुनते हुए, कुल पाँच प्रश्न कीजिए।

प्रत्येक प्रश्न का उत्तर 250 शब्दों से अधिक न हो।

सभी प्रश्नों के अंक समान हैं।

PART – C (खण्ड – स)

[Marks: 20]

Answer any two questions (300 words each).

All questions carry equal marks.

कोई दो प्रश्न कीजिए। प्रत्येक प्रश्न का उत्तर 300 शब्दों से अधिक न हो।

सभी प्रश्नों के अंक समान हैं।

PART – A

- Q.1 (i) Write formula to calculate basic EPS.
- (ii) What is right issue?
- (iii) What is effective capital for calculation of Managerial Remuneration when profits are inadequate in a particular year?
- (iv) What is the maximum limit of remuneration U/S 197 of Companies Act 2013?
- (v) What is fair value of a share, write formula to calculate it?
- (vi) What is Future Maintainable Profits (FMP) for valuation of goodwill?
- (vii) What is Minority Interest?
- (viii) Accounting to section 2 (87) of Companies Act, 2013 when a company will be subsidiary of other?
- (ix) What is purchase consideration according to AS – 14?
- (x) State two major advantages of internal reconstruction.

PART – B

UNIT –I

- Q.2 State the provisions of section 68 of Companies Act 2013 regarding Buy Back of shares.

OR

- Q.3 What is Bonus issue? State circumstances for issuing bonus shares. Also give journal entries for bonus issue.

UNIT –II

- Q.4 From the following particulars, you are required to calculate the maximum remuneration payable to a Managing Director U/S 197. Find out the excess amount, if any, paid to him.

Net profit

₹ 20,000

Items considered for arriving the above net profit:

(i)	Provision for taxation	₹ 30,000
(ii)	Managing director remuneration	₹ 3,900
(iii)	Provision for doubtful debts	₹ 500
(iv)	Preliminary expenses	₹ 3,000
(v)	Directors Fees	₹ 2,000
(vi)	Depreciation (Allowable U/S 123 is ₹ 9000)	₹ 9,500
(vii)	Donation to sister concerns	₹ 2,000
(viii)	Voluntary payment to an employee (without any liability)	₹ 1,000

OR

Q.5 Explain the procedure to determine Net profit U/S 198 for managerial remuneration purpose.

UNIT -III

Q.6 Mr. Appu runs a chemist shop. His net assets on 31.3.2016 amounts to ₹ 20, 00,000. After paying a rent of ₹ 20,000. p. a. and salary of ₹ 10,000 to the chemist, he earns a profit of ₹ 1, 50,000. His landlord who happens to be an expert chemist is interested in purchasing the shop. 8% is considered to be a reasonable return on capital employed. Reasonable remuneration for the new proprietor may be taken as ₹ 12,000 and the value of premises may be taken as ₹ 2, 00,000. The purchaser will work himself. The rate of depreciation on premises is 10%.

What can Mr. Appu expect as payment for goodwill?

OR

Q.7 Explain the Intrinsic value and yield basis valuation of share, in brief.

UNIT -IV

Q.8 Explain the treatment of dividends in books of Holding company, received from pre – acquisition profits of subsidiary company. Give example.

OR

Q.9 The B/S of H. Ltd. and S. Ltd. as on 31.3.2015 are given below –

Particulars	H. Ltd. ₹	S. Ltd. ₹
Equities and Liabilities		
(i) Shareholders' Funds :		
(a) Share Capital ₹ 100 each	₹ 6,00,000	₹ 2,00,000
(b) Reserves and surplus		
General Reserve	₹ 60,000	₹ 40,000
P&L a/c	₹ 80,000	₹ 30,000
(ii) Current liabilities :		
Creditors	₹ 75,000	₹ 48,000
Total	₹ 8,15,000	₹ 3,18,000
Assets -		
(i) Non-current assets	₹ 5,91,000	₹ 3,18,000
(ii) Investments :		
16,00 shares of S. Ltd.	₹ 2,24,000	-
Total	₹ 8,15,000	₹ 3,18,000

H. Ltd. acquired the shares in S. Ltd. on 31.03.2015. The plant worth book value of ₹ 60,000 included in Sundry Assets of S. Ltd. was revalued at ₹ 50,000 on this date.

You are required to calculate –

- (a) Minority interest and
- (b) Cost of control / goodwill for consolidation purpose.

UNIT – V

Q.10 What is purchase consideration as per AS – 14? Explain how it is determined.

OR

Q.11 What is Amalgamation? Differentiate between Amalgamation in the nature of purchase and in the nature of merger.

PART – C

Q.12 Write a note on Earning per share (Basic and diluted) as per AS – 20.

Q.13 From the following particulars relating to the year ended 31.3.2016, prepare the Balance sheet of M. L. Ltd. as required by Companies Act 2013, using imaginary figure whenever necessary.

Equity share capital	₹ 7,00,000	Stock	₹ 85,200
9% preference capital	₹ 2,00,000	Sundry creditors	₹ 71,000
Land & Buildings	₹ 5,60,000	Provision for tax	₹ 1,40,000
General reserve	₹ 3,20,000	Plant & Machinery	₹ 10,68,000
6% Debentures	₹ 3,00,000	Bills receivable	₹ 12,400
P & L a/c (credit)	₹ 1,85,000	Cash at Bank	₹ 49,800
Sundry Debtors	₹ 68,700	Furniture	₹ 25,100
Preliminary expenses	₹ 46,800		

Following further information is supplied to you –

- (a) The preference shares were issued to the promoters of the company for consideration other than cash.
- (b) The Debentures were secured by a floating charge on the assets of company.
- (c) The company had discounted ₹ 2,500 worth of bills receivable, which are due to mature on 30th April, 2016.

Q.14 On 31.3.2016 the B/S of a company disclosed the following position:

Equities and liabilities:		₹.
(i) Shareholders' funds:		
(a) Share capital ₹ 10 each		₹ 4,00,000
(b) Reserves and surplus:		
General reserve		₹ 90,000
P & L a/c		₹ 20,000
(ii) 5% Debentures		₹ 1,00,000
(iii) Current liabilities		₹ 1,30,000
Total		₹ 7,40,000
Assets:		
(i) Tangible fixed assets		₹ 5,00,000
(ii) Intangible Assets (Goodwill)		₹ 40,000
(iii) Current assets		₹ 2,00,000
Total		₹ 7,40,000

On 31.3.2016 the tangible fixed assets were valued at ₹ 5, 50,000 and goodwill at ₹ 50,000. The net profits of last three years were ₹ 51,600, ₹ 52,000 and ₹ 51,650 respectively, of which 20% has been transferred to reserves. The fair return in industry may be taken at 10%. Compute the value of companies share by the Yield Method (on the basis of rate of earnings). Ignore taxation.

Q.15 The B/S of H. Ltd. And S. Ltd. As on 31.3.2016:

Particulars	H. Ltd. ₹	S. Ltd. ₹
(I) Equities and liabilities		
(i) Share Capital ₹ 10 each	₹ 10,000	₹ 6,000
(ii) Reserves and surplus:		
General reserve	₹ 4000	-
P&L a/c	₹ 4000	₹ 1800
(iii) Current liabilities :	₹ 2000	₹ 2200
Total	₹ 20,000	₹ 10,000

(II) Assets:		
(i) Non-current assets	₹ 16,000	₹ 10,000
(ii) Investments:		
400 shares in S. Ltd.	₹ 4000	-
	Total	
	₹ 20,000	₹ 10,000

The shares were acquired by H. Ltd. in S. Ltd. On 1.10.2015. On 1.4.2015, the balance of S. Ltd. showed a loss of ₹ 3,000 which was written off out of the profits earned during 2015 – 16. Profits are assumed to accrue evenly throughout the year.

Prepare a consolidated balance sheet with necessary workings.

Q.16 What is internal reconstruction? How it differs from external reconstruction? Give scheme of entries to write off of losses under internal reconstruction.
