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No. of printed pages: 3

SARDAR PATEL UNIVERSITY
BCom (II Semester) (NC) (2010 Batch) Examination
2017
Saturday, 18th March
2.00 pm - 4.00 pm
UB02ECOM01/17 - Corporate Accounting II

Total Marks: 60**Note:** Figures to the right indicate marks.

Q.1

- (a) What are bonus shares ? Enlist the sources of bonus shares. (05)
 (b) State provisions of Companies Act, for redemption of redeemable preference shares. (10)

OR

Q.1 The Balance Sheet of Karuna Ltd., as on 31-3-2016 is as under: (15)

Liabilities	Rs.	Assets	Rs.
10000 Equity shares of Rs. 100 each fully paid up	1000000	Fixed Assets	800000
3000 5% Redeemable Pref. shares of Rs. 100 each, Rs. 80 paid up	240000	Current Assets	400000
Profit & Loss A/c	200000	Bank balance	300000
Creditors	60000		
	1500000		1500000

The company issued 1600 Equity shares of Rs. 100 each at a premium of Rs. 25 per share to redeem preference shares at a premium of 10%.

All payments were made except to holders of 100 preference shares.

Pass necessary journal entries in the books of the company and prepare new Balance Sheet.

Q.2

- (a) Discuss factors affecting the value of Goodwill. (10)
 (b) Calculate goodwill by three years purchase of Super Profit from the following particulars: (05)

	Rs.
1. Equity Share capital	280000
2. Average Profit	140000
(Before charging 40% taxes, 6% dividend on Rs. 200000 Preference share capital)	
3. Expected rate of return	15%

OR

Q.2 The Balance Sheet of Asha Limited as on 31st March 2016 is as under:

(15)

Liabilities	Rs.	Assets	Rs.
15000 Equity shares of Rs. 10 each fully paid up	150000	Goodwill	14000
10%, 800 Preference Shares of Rs. 100 each fully paid	80000	Fixed Assets	280000
General Reserve	125000	Investments (10% Govt. Loan, Face value Rs. 30000, interest is tax free)	26000
8% Debenture	50000	Current Assets	100000
Creditors	20000	Preliminary Exps.	15000
Worker's Profit sharing fund	5000	Debenture discount	5000
Provision for Taxation	10000		
	440000		440000

Additional Information:

- The present market value of Fixed Assets is Rs. 185000 and the remaining assets are to be taken at their book values.
- The expected rate of return is 10%.
- The profit of the company before providing for tax at 50% for last four years are as under:
Rs. 72000, Rs. 74000, Rs. 70000 and Rs. 84000.

Compute the value of Goodwill of the company at four years' purchase of its super profit.

Q.3

- What is meant by valuation of shares ? Describe factors affecting value of shares. (10)
- Calculate from the following information the fair value of Equity Shares of Rs. 100 each, on which Rs. 80 is paid up: (05)

	Rs.
1. Paid up Equity Share Capital	400000
2. Net Assets (Market value)	480000
3. Average Annual Profit (After provision of tax)	64000
4. Estimated rate of return	10%

OR

Q.3 The Balance Sheet of Ravi Limited as on 31-3-2016 is as under:

(15)

Liabilities	Rs.	Assets	Rs.
Equity Share capital each of Rs. 100	200000	Fixed Assets	250000
8% Preference share capital	100000	Current Assets	100000
Creditors	25000		
Bills payable	5000		
Bank overdraft	20000		
	350000		350000

Additional notes:

- Market Value of fixed assets is 10% more and that of current assets is 5% less.
- Average profit of last five years is Rs. 42000.
- Expected rate of return is 10%.

4. The Goodwill of the company is to be calculated at 3 years' purchase of super profit.

Find out value of Equity share as per Intrinsic Value Method and Value as per Yield Method.

Q.4

- (a) Usha Limited issued 2000 10% Debentures at Rs. 100 each at a discount of 5% redeemable at a premium of 10% after five years. Give journal entries for issue and redemption of debentures. (05)
- (b) What are debentures ? Describe various types of debentures. (10)

OR

- Q.4 Sandhya Ltd., issued 10%, 1350 debentures each of Rs. 100 on 1-1-2012 with a condition that they should be redeemed by setting a side at the end of every year Rs. 30000 out of profit, investing the amount in 10% Govt. Securities. The interest received at the end of the year should be invested in the same securities. (15)

Securities were sold off on 30-6-2016 for Rs. 140000 and the debentures were paid off.

Pass necessary journal entries to record the above transactions for all the years in the books of the company.

