

(6 pages)

NOVEMBER 2021

65181/KDA1E

Time : Three hours

Maximum : 75 marks

PART A — ($10 \times 1 = 10$ marks)

Answer any TEN questions.

1. What is preference share?
2. Mention the reason for forfeiture of shares.
3. What is external reconstruction?
4. Which is the simplest method of calculating purchase consideration?
5. What is holding company?
6. Give two examples for mutual owings.
7. Who is a contributory?
8. Name the person who undertakes the work of liquidating a company.
9. Expand the term MCA.

10. What are accounting standards?
11. Mention the types of underwriting.
12. Who are minority shareholders?

PART B — ($5 \times 5 = 25$ marks)

Answer any FIVE questions.

13. The annual net profits of a firm during the last four years are Rs.31,000, Rs.25,000, Rs.30,000 and Rs.34,000. The capital employed by the firm is Rs. 2,00,000. The normal rate of return expected in this type of business is 12%. Calculate the value of goodwill on the basis of 2 years purchase of super profits.
14. How do you deal with dissenting shareholders during amalgamation?
15. What do you know about minority interest?
16. From the following details, calculate liquidator's remuneration at 4 % on assets realised and 3 % on liabilities settled.
Assets realised — Rs.80,000:
Liabilities settled — Rs.50,000.
17. During 2006, 5000 kgs of raw materials is purchased at Rs.15 per kg. Closing stock includes 1000 kgs, of the material. Current market price is Rs.12 per kg. You are required to value the inventory as per AS-2 Valuation of Inventories.

18. A company issued 20,000 shares of Rs.10 each at par. The issue was underwritten by XY firm for maximum commission permitted by law. The public applied for and received 16,000 shares. Calculate the commission payable to the underwriter.
19. The following is the balance sheet of Lucky Ltd. as on 31-12-2005:

Liabilities	Rs.	Assets	Rs.
2,00,000	20,00,000	Goodwill	5,00,000
Equity shares of Rs. 10 each fully paid up			
Creditors	15,00,000	Plant	17,00,000
		Stock	8,00,000
		Debtors	3,00,000
		Cash	10,000
		Profit and Loss A/c	1,90,000
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	35,00,000		35,00,000

The company decided to reduce the paid up capital by Rs.5 per share. Goodwill and Profit and Loss a/c (debit balance) are to be written off completely. Plant is to be written down by Rs.3,10,000. Give journal entries for the given scheme of reconstruction.

PART C — (4 × 10 = 40 marks)

Answer any FOUR questions.

20. From the following information calculate the yield value per equity share:

	Rs.
5,000 8% preference shares of Rs. 100 each	5,00,000
75,000 equity shares of Rs. 10 each, Rs. 8 per share paid up	6,00,000
Expected profits per year before tax	2,80,000
Rate of tax	50%
Transfer to general reserve every year	20% of the profit
Normal rate of earnings	10%

21. Ganguly Ltd. was formed with an authorised capital of Rs.12,00,000 divided into equity shares of Rs.10 each, to acquire the business of A and B whose balance sheet on the date of acquisition was as follows:

Liabilities	Rs.	Assets	Rs.
Capital	6,00,000	Freehold Premises	7,00,000
General Reserve	4,00,000	Stock	2,00,000
Sundry creditors	2,00,000	Sundry Debtors	1,60,000
			1,50,000
		Less : Provision for bad debts	10,000
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		Cash at bank	1,50,000
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	12,00,000		12,00,000

The purchase consideration was agreed upon at Rs.14,00,000 to be paid in Rs.12,00,000 fully paid equity shares at Rs. 11 and the balance in cash. Give journal entries in the books of Ganguly Ltd. assuming that the vendor's account is finally settled.

22. The summarized balance sheets of H Ltd. and S Ltd. as on 31-03-2016 are given below:

Liabilities	H Ltd. Rs.	S Ltd Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Equity shares of Rs. 10 each	20,00,000	8,00,000	Sundry assets	24,54,000	13,70,000
Reserves	3,00,000	2,00,000	64,000 shares in S Ltd.	8,96,000	—
Profit for 2015-2016	4,00,000	1,00,000			
Creditors	6,50,000	2,70,000			
	<u>33,50,000</u>	<u>13,70,000</u>		<u>33,50,000</u>	<u>13,70,000</u>

H Ltd. acquired 64,000 shares in S Ltd. on 31-12-2015. Prepare a consolidated balance sheet.

23. List out and explain the order of repayment during liquidation of a company.
24. Draft a detailed note on AS-14 Accounting Standards for Amalgamations.

25. Mohith Ltd. has Rs.10,00,000 8 % debentures of Rs.100 each outstanding on 01-01-2006. Interest is payable on 30th June and 31st December each year. The company purchased 500 debentures at Rs.97 ex-interest in the open market on 01-04-2006. Give journal entries in the following cases:
- (a) The debentures were cancelled on the same day.
 - (b) The debentures were retained till 01-07-2006 on which date they were cancelled.
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