

(v) The Assets and Liabilities are to be taken at book values, inventory and trade receivables for which provisions at 2% and 2.5% respectively to be raised.

(vi) The trade receivables of Kokrajhar Ltd. include Rs. 20,000 due from Udalguri Ltd.

(vii) The Bodoland Development Ltd. issues 15,000 new Equity shares of Rs.20 each, Rs. 18 paid up at premium of Rs. 4 per share so as to have sufficient working capital.

Prepare Ledger accounts in the books either of Kokrajhar Ltd. or Udalguri Ltd. to close their books.

(b) Explain the factors that influence the valuation of shares and write the various methods of valuation of shares.

33/63/2 (SEM-4) MCO 405 (A,B,C) (9) [Turn over

Total No. of printed pages = 16

63/2 (SEM-4) MCO 405 (A,B,C)

2022

COMMERCE

(Theory Paper)

Paper Code : MCOM-405(A)

(Advanced Corporate Accounting)

Full Marks – 80

Time – Three hours

The figures in the margin indicate full marks for the questions.

1. Choose the correct answer : 1×6=6

(a) Which is the method of valuation of share ?

- (i) Net assets method
- (ii) FIFO method
- (iii) Net profit method
- (iv) Assets valuation method

(b) In case of amalgamation, which account is opened ?

- (i) Profit & Loss A/c
- (ii) Realisation A/c
- (iii) Revaluation A/c
- (iv) Surplus A/c

[Turn over

2. Answer the following questions : 2×5=10

- (a) What is the necessity of valuation of shares ?
- (b) Define Purchase Consideration.
- (c) What is Subsidiary company ?
- (d) What is Liquidation ?
- (e) Write the methods of valuation of Goodwill.

3. Answer any five of the following questions : 6×5=30

- (a) Write the various factors of valuation of Goodwill.
- (b) What is Purchase consideration ? Explain the methods of calculating purchase consideration.
- (c) What is Consolidated Financial Statements and write their needs.
- (d) Explain the modes of Winding up of a company.
- (e) Phwilao Ltd. agrees to purchase a sole trade business. Goodwill for this purpose is agreed to be valued at 3 year's purchase of average profit of the past 4 years. Profits for past 4 years are :

Years	Profit (Rs.)
2018	30,200
2019	34,800
2020	30,000
2021	40,000

33/63/2 (SEM-4) MCO 405 (A,B,C) (3) [Turn over

(c) Minority interest is related to

- (i) Valuation of share
- (ii) Holding company
- (iii) Amalgamation
- (iv) Liquidation of companies

(d) List C is related to

- (i) Preferential creditors
- (ii) Secured creditors
- (iii) Unsecured creditors
- (iv) Liquidation of companies

(e) Amalgamation of companies is done as per Accounting Standard

- (i) AS 3
- (ii) AS 6
- (iii) AS 14
- (iv) AS 16

(f) Contributory is related to

- (i) Valuation of share
- (ii) Holding company
- (iii) Amalgamation
- (iv) Liquidation of companies

33/63/2 (SEM-4) MCO 405 (A,B,C) (2)

On scrutiny of the accounts, the following matters are revealed :

- (i) On 1st September 2020, a major repairs was made in respect of the plant incurring Rs. 8,000 which was charged to revenue ; the said sum was agreed to be capitalized for goodwill calculation subject to the adjustment of depreciation of @10% p.a. on Reducing balance method.
- (ii) Closing stock for the year 2019 was overvalued by Rs. 3,400.
- (iii) To cover management cost, an annual charge of Rs. 5,000 should be made for the purpose of said valuation.

Find the value of Goodwill under Year's purchase of Average Profit Method.

- (f) Differentiate between amalgamation in the nature of merger and amalgamation in the nature of purchase.
- (g) Explain in detail the Cost of control and Goodwill with reference to Holding Company.
- (h) Write the sequence of the order of payment in case of liquidation of companies.
- (i) Explain the methods of Accounting for Amalgamations.

4. Answer any two of the following questions :

10×2=20

(a) Chirang Ltd. went into voluntary liquidation having the following information :

- (i) Unsecured Creditors : Rs. 8,50,000.
- (ii) Secured Creditors : Rs. 5,80,000/(realized value of securities Rs. 6,50,000).
- (iii) Preferential Creditors : Rs. 1,50,000.
- (iv) 8% Debentures having a floating charge on assets : Rs. 1,80,000.
- (v) Interest on debenture : Rs. 5,600.
- (vi) Municipal tax payable : Rs. 700.  
Liquidator's out of pocket expenses amounted to : Rs. 4,000.
- (vii) The liquidator is entitled to a remuneration of 5% on the assets realized and of 3% on the amount distributed to unsecured creditors.
- (viii) The various assets (excluding the securities held by secured creditors) realized : Rs. 8,50,000.

Prepare Liquidator's Final Statement of Accounts showing the proportion paid to the unsecured creditors.

(b) The following are the Balance sheets of Hazarika Ltd. and its subsidiary, Sarma Ltd. as on 31st March, 2021 :

Particulars	Hazarika Ltd.	Sarma Ltd.
<b>I. Equity and Liabilities : Shareholders Fund :</b>	Rs.	Rs.
(a) Share Capital : Equity Shares of Rs.100 each	6,00,000.00	2,00,000.00
(b) Reserve and Surplus : Surplus in the Statement of Profit and Loss	50,000.00	NIL
<b>Current Liabilities :</b>		
Sundry Creditors	2,30,000.00	60,000.00
<b>Total</b>	<b>8,80,000.00</b>	<b>2,60,000.00</b>
<b>II. ASSETS</b>		
<b>Non-Current Assets :</b>		
Tangible	6,80,000.00	2,60,000.00
<b>Non-Current Investments</b>	2,00,000.00	NIL
1,600 Shares in Sarma Ltd.		
<b>Total</b>	<b>8,80,000.00</b>	<b>2,60,000.00</b>

The shares were acquired by Hazarika Ltd. on 31st March, 2021. Prepare the Consolidated Balance Sheet of the holding company and its subsidiary as on 31st March, 2021.

(c) Define Amalgamation. Distinguish amongst Amalgamation, Absorption and External reconstruction.

33/63/2 (SEM-4) MCO 405(A,B,C) (6)

5. Answer any one of the following questions :  
14×1=14

(a) Kokrajhar Ltd. and Udalguri Ltd. amalgamated to form a new company Bodoland Development Ltd. The financial position of these two companies on the date of amalgamation was as under :

Particulars	Kokrajhar Ltd.	Udalguri Ltd.
<b>I. Equity and Liabilities :</b>	Rs.	Rs.
Equity Shares of Rs. 100	8,00,000.00	3,00,000.00
7% Preference Share @ Rs.100	4,00,000.00	3,00,000.00
5% Debenture	2,00,000.00	NIL
General Reserve	NIL	1,00,000.00
P/L Account	3,71,375.00	97,175.00
Trade payables	1,00,000.00	2,10,000.00
Secured Loan	NIL	2,00,000.00
<b>Total</b>	<b>18,71,375.00</b>	<b>12,07,175.00</b>
<b>II. Assets :</b>		
Goodwill	80,000.00	NIL
Land & Building	4,50,000.00	3,00,000.00
Plant & Machinery	6,20,000.00	5,00,000.00
Furniture and Fittings	60,000.00	20,000.00
Trade Receivables	2,75,000.00	1,75,000.00
Stores & Inventories	2,25,000.00	1,40,000.00
Cash at Bank	1,20,000.00	55,000.00
Cash in hand	41,000.00	17,175.00
<b>Total</b>	<b>18,71,375.00</b>	<b>12,07,175.00</b>

33/63/2 (SEM-4) MCO 405(A,B,C) (7)

[Turn over

The terms and conditions of amalgamation are as under :

- (i) The assumption of liabilities of both the companies.
- (ii) Issue of 5 Preference shares of Rs.20 each in Bodoland Development Ltd. @ Rs.18 paid up at premium of Rs.4 per share for each Preference share held in both the companies.
- (iii) Issue of 6 Equity shares of Rs.20 each in Bodoland Development Ltd. @ Rs.18 paid up at a premium of Rs. 4 per share for each equity share held in both the companies. In addition, necessary cash should be paid to the Equity Share holders of both the Companies as required to adjust the rights of shareholders of both the companies in accordance with the intrinsic value of shares of both the companies.
- (iv) Issue of such amount of fully paid 6% Debentures in Bodoland Development Ltd. as is sufficient to discharge the 5% (debentures in Bodoland Development Ltd. at a discount of 5%) after takeover.