

Bharati Vidyapeeth					
(Deemed to be University), Pune					
School of Distance Education					
<hr/>					
Assignment No.	1	Name of the Assignment Setter:		Prof. Deepti Sharma	
Course:	CBCS 2018	Class:	S.Y.B.Com.	Semester:	IV
<hr/>					
Subject:	C408: Corporate Accounting-II				

Q1. The Engineering Company Ltd. sells its business to the Scientific Company Ltd. on 31st December 2018 on which date its balance sheet was as follows

Liabilities	Rs.	Assets	Rs.
Paid-up capital	2,00,000	Goodwill	50,000
2000 shares of Rs. 100 each		Freehold property	150,000
60% 100 Debentures of Rs. 1000 each	1,00,000	Machinery	83,000
Sundry Creditors	30,000	Stock	35,000
Reserve Fund	50,000	Bills Receivable	4,500
Profit and loss A/c	20,000	Sundry debtors	27,500
		Cash at bank	50,000
	4,00,000		4,00,000

The Scientific Company Ltd. agreed to take over the assets (exclusive of cash and goodwill) at 10% less than book value, to pay Rs. 75,000 for goodwill and to take over debentures.

The purchase consideration was to be discharged by the allotment to the Engineering Company Ltd. of 1,500 shares of Rs. 100 each at a premium of Rs. 10 per share and the balance in cash. The cost of liquidation amounted to Rs. 3,000 borne by the Engineering Company Ltd.

Prepare necessary ledger accounts in the books of Engineering Company Ltd. (10)

Q2. Determine the Intrinsic Value of each Equity Share on the basis of the following balance sheet of XYZ Ltd. and the information supplied:

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Share Capital	1,00,000	Goodwill	10,000
10,000 6% Cumulative Pref. shares		Fixed Assets at cost	
10,000 Equity Shares		<i>Less: Depreciation</i>	2,50,000
Issued and Fully paid up	1,00,000	Investments	52,000
7,000 6% cumulative preference shares of Rs.10 each	70,000	(including provident fund investments, and partly paid shares)	
10,000 Equity shares of Rs. 10 each	1,00,000	<u>Current Assets:</u>	
Capital Reserve	50,000	Stock-in-trade	45,000
Share Premium	10,000	Sundry Debtors:	
Profit and loss	1,27,500	Good	35,000
5% Debentures secured by a floating charge on stock-in-trade	30,000	Doubtful	10,000
Sundry Creditors	55,000	Cash at bank	45,500
Provision for Income tax	21,500	Preliminary expenses	12,000
		Deferred revenue expenditure	4.500
	4,64,000		4,64,000

Note on the accounts:

- (i) Preference dividends are in arrears for 3 years
- (ii) Contingent Liabilities:
 - (a) Uncalled liability on partly paid shares Rs. 5,000.
 - (b) A bill of exchange discounted Rs.2,500.

Out of the Doubtful Debts 50% may be regarded as recoverable. Market value of Stock-in-trade is Rs. 47,100. (10)

Q3. Write short notes on (Any 2): (10)

1. Purchase consideration- meaning and methods
2. Amalgamation of companies
3. Interdepartmental transfer
4. Need of reduction of share capital