

## CORPORATE ACCOUNTING

Q:1

Following is the Balance Sheet of Satyakam Limited as on 31

| Liabilities                                   | Rs.              | Assets   |
|---|------------------|--|
| 10% Preference Share Capital (each of Rs.100) | 2,00,000         | Goodwill   |
| 60,000 Equity Shares of Rs.10 each fully paid | 6,00,000         | Land-Buildings   |
| General Reserve                               | 1,65,000         | Machineries  |
| Provision for taxation at 50% (2011)          | 3,00,000         | <b>Investments :</b>   |
| 14% Debentures                                | 4,00,000         | 12% Taxable Debentures of Janki Ltd. (Face value Rs. 80,000) |
| Creditors                                     | 5,00,000         | Investments of Provident Fund                                |
| Provident Fund                                | 80,000           | Debtors  |
| <b>Depreciation Fund :</b>                    |                  | Stock  |
| Land-Building 20,000                          |                  | Cash-Bank  |
| Machineries <u>60,000</u>                     | 80,000           | Prepaid expenses   |
|   |                  | Preliminary expenses   |
|   | <u>23,25,000</u> |  |

**Other Information :**

- (1) Present value of Land and Building is Rs. 8,00,000. C to be shown at book value.
- (2) Expected rate of return on capital employed is 12%.
- (3) The profits of three years before tax at 50% is as under

Q:2

The Balance Sheet of Bhatt Ltd. as on 31st March, 2012 is given below:

| Liabilities                                | Rs.              | Assets   |
|--|------------------|--|
| 1,000 8% Preference Shares of Rs. 100 each | 1,00,000         | Building at cost price                           |
| 4,000 Equity shares of Rs. 100 each        | 4,00,000         | Furniture at cost price                          |
| Reserve Fund                               | 1,37,000         | Stock at market price                            |
| Depreciation Fund :                        |                  | 4% Govt. Securities<br>(Face value Rs. 4,00,000) |
| Building      10,000                       |                  | Debtors           3,00,000                       |
| Investments  45,000                        | 55,000           | - Bad debts                                      |
| Profit & Loss A/c :                        |                  | Reserve      20,000                              |
| Balance on 1-4-'11                         | 80,000           | Bank Balance                                     |
| Profit for the year 2011-2012              | 4,30,000         | Preliminary Expenses                             |
| Creditors                                  | 48,000           |  |
|  | <u>12,50,000</u> |  |

**Additional Informations :**

- The present value of the Building is Rs. 3,50,000 and Rs. 3,000.
- The profit earning capacity of the other companies business is 15% of the market value of their shares.
- Profit for the last three years has shown an increase of Rs. 4
- Goodwill of the company is to be calculated at three y

Q:3

(A) From the following particulars of Kuber Bank  
**Schedule-16 of Operating Expenses** for the year ended 31-  
banking law :

Salary and Allowances  
Rent, Rates and Lighting  
Director's fees  
Auditor's fee  
Postage and Telephone Exp.  
Printing and Stationery Exp.  
Locker Rent  
Transfer fee

(B) From the following balances of Raj Bank Ltd. as  
prepare **Schedule-13 of Interest Earned** according to the Ba

Profit on sale of investments  
Interest on loan  
Commission received  
Loss on sale of Asset

Q:4

Paresh Ltd.'s Balance Sheet as on 31-3-13 is as under :

| Liabilities   | Rs.       | Assets              |
|---|-----------|---------------------|
| 12% 10,000 Pref. shares of Rs. 100 each                   | 10,00,000 | Land-Buildings      |
| 1,00,000 'A' Equity shares of Rs. 10 each (Rs. 8 paid up) | 8,00,000  | Plant-Machinery     |
| 80,000 'B' Equity shares of Rs. 10 each (Rs. 6 paid up)   | 4,80,000  | Investments         |
| 70,000 'C' Equity shares of Rs. 10 each (Rs. 4 paid up)   | 2,80,000  | Stock               |
| 10% Debentures  | 2,00,000  | Debtors             |
| Outstanding interest on Debentures                        | 20,000    | Cash Bank           |
| Creditors   | 8,20,000  | Profit & Loss A/c   |
|   |           | Preliminary Expense |
|   | 36,00,000 |                     |

The company went into liquidation on that date :

(1) Realisation of Assets :

Land-Buildings Rs. 6,50,000 Stock Rs. 2,  
Investments Rs. 1,00,000 Debtors Rs. 4,

(2) Creditors include preferential creditors of Rs. 50,000 and Rs. 1,75,000 secured by a mortgage on Plant-Machinery. Rs. 2,00,000 realised and the excess amount was given

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