

Name:
Enrolment No:



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination December 2020

Course: Corporate Accounting
Programme: BBA LLB Hons (Corporate Laws)/ INT-BCOM-LLB-TL
Time: 03 hrs.

Course Code : CLNL 2020
Max. Marks : 100
Semester : III

Section – A
Each Question carries 5 marks

S. No.	Select the correct answer:	CO
Q1	Calculate the value of goodwill by average profit method when: Profits of last 4 years were Rs.3,000; Rs.5,000; Rs.(1,000); and Rs.4,000 number of year's purchase = 2 years. (a) Rs 3,000 (b) Rs 3,600 (c) Rs 9,000 (d) None of these	CO 1
Q2	Ganesh Ltd purchased Assets for Rs.7,00,000 from M/s Ajay Ltd. The payment was made by issue of fully paid shares of Rs.10 each. State the number of shares issued: (a) 8,00,000 shares (b) 70,000 shares (c) 80,000 shares (d) 80,00,000 shares	CO 1
Q3	Agam Ltd. invited application for 1,00,000 shares of Rs.10 each. Applications were received for 1,20,000 shares. Name the kind of subscription: (a) Under subscription (b) Over subscription (c) Minimum subscription (d) None of the above	CO 1
Q4	Goodwill is: (a) An Intangible Asset. (b) A Current Asset. (c) Other Current Asset. (d) A Fictitious Asset.	CO 1
Q5	Tanish Ltd. acquired assets worth Rs. 9,00,000 from Prakash Ltd. by issue of shares of Rs. 100 at a premium of 20%. The number of shares to be issued by T Ltd. to settle the purchase consideration: (a) 6,000 shares (b) 4,800 shares (c) 7,500 shares (d) 5,000 shares	CO 1
Q6	Purchase of Plant and Machinery is an (a) Operating activity (b) Financing activity (c) Investing activity (d) None of these.	CO 1

Section B																																																															
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Q7	A cash flow statement consists of cash inflows and outflows from operating, investing and financing activities. Give examples of any two operating, investing and financing activities.	CO 2																																																													
Q8	The goodwill of a firm can be calculated in many ways. Explain the methods of valuation of goodwill.	CO 2																																																													
Q9	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Liabilities</th> <th style="width: 15%;">Amount</th> <th style="width: 40%;">Assets</th> <th style="width: 5%;">Amount</th> </tr> </thead> <tbody> <tr> <td>Shareholders' Fund</td> <td></td> <td>Building</td> <td style="text-align: right;">3,35,000</td> </tr> <tr> <td>Share capital:30,000 Equity shares of Rs10 each</td> <td style="text-align: right;">3,00,000</td> <td>Machinery</td> <td style="text-align: right;">2,50,000</td> </tr> <tr> <td>Reserves and Surplus:</td> <td></td> <td>Goodwill</td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>General Reserve</td> <td style="text-align: right;">3,75,000</td> <td>Investments</td> <td style="text-align: right;">1,00,000</td> </tr> <tr> <td>Profits & loss A/c</td> <td style="text-align: right;">45,000</td> <td>Other Current Assets</td> <td style="text-align: right;">75,000</td> </tr> <tr> <td>Non-Current Liabilities</td> <td></td> <td>Debtors</td> <td style="text-align: right;">45,000</td> </tr> <tr> <td>Unsecured loans</td> <td style="text-align: right;">1,00,000</td> <td>Preliminary Expenses</td> <td style="text-align: right;">15,000</td> </tr> <tr> <td>Current Liabilities</td> <td style="text-align: right;">50,000</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">8,70,000</td> <td></td> <td style="text-align: right;">8,70,000</td> </tr> </tbody> </table> <p>Determine the value of an equity share by Net Assets Method taking into consideration the following additional information: Buildings and Investments were valued at Rs. 3,60,000 and Rs. 85,000 respectively on 31st March 2019. For the purpose of valuation of shares, Goodwill shall be taken at two years' purchase of the average profits of the last five years. The profits of the last five years are Rs.55,000, Rs.80,000 Rs.75,000, Rs.60,000 and Rs.1,00,000.</p>	Liabilities	Amount	Assets	Amount	Shareholders' Fund		Building	3,35,000	Share capital:30,000 Equity shares of Rs10 each	3,00,000	Machinery	2,50,000	Reserves and Surplus:		Goodwill	50,000	General Reserve	3,75,000	Investments	1,00,000	Profits & loss A/c	45,000	Other Current Assets	75,000	Non-Current Liabilities		Debtors	45,000	Unsecured loans	1,00,000	Preliminary Expenses	15,000	Current Liabilities	50,000				8,70,000		8,70,000	CO 3																					
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Q10	What journal entries are passed at the time of forfeiture and reissue of shares of a company.	CO 3																																																													
Q11	<p>Prepare cash flow statement from the following information:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Liabilities</th> <th style="width: 10%;">2018</th> <th style="width: 10%;">2019</th> <th style="width: 25%;">Assets</th> <th style="width: 10%;">2018</th> <th style="width: 10%;">2019</th> </tr> </thead> <tbody> <tr> <td>Equity share capital</td> <td style="text-align: right;">10,000</td> <td style="text-align: right;">22,000</td> <td>Land</td> <td style="text-align: right;">8,000</td> <td style="text-align: right;">12,000</td> </tr> <tr> <td>Preference share capital</td> <td style="text-align: right;">5,000</td> <td style="text-align: right;">3,000</td> <td>Building</td> <td style="text-align: right;">10,000</td> <td style="text-align: right;">6,000</td> </tr> <tr> <td>Reserve fund</td> <td style="text-align: right;">2,000</td> <td style="text-align: right;">3,500</td> <td>Furniture</td> <td style="text-align: right;">3,000</td> <td style="text-align: right;">7,000</td> </tr> <tr> <td>P/L A/c</td> <td style="text-align: right;">10,000</td> <td style="text-align: right;">7,500</td> <td>Stock</td> <td style="text-align: right;">5,000</td> <td style="text-align: right;">2,200</td> </tr> <tr> <td>Bank overdraft</td> <td style="text-align: right;">5,000</td> <td style="text-align: right;">1,000</td> <td>Prepaid Expenses</td> <td style="text-align: right;">4,000</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>Expenses payable</td> <td style="text-align: right;">3,000</td> <td style="text-align: right;">1,200</td> <td>Bill Receivable</td> <td style="text-align: right;">3,000</td> <td style="text-align: right;">1,000</td> </tr> <tr> <td>Outstanding rent</td> <td style="text-align: right;">2,000</td> <td style="text-align: right;">12,000</td> <td>Cash</td> <td style="text-align: right;">2,500</td> <td style="text-align: right;">7,000</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Bank</td> <td style="text-align: right;">1,500</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">37,000</td> <td style="text-align: right;">50,200</td> <td>Total</td> <td style="text-align: right;">37,000</td> <td style="text-align: right;">50,200</td> </tr> </tbody> </table>	Liabilities	2018	2019	Assets	2018	2019	Equity share capital	10,000	22,000	Land	8,000	12,000	Preference share capital	5,000	3,000	Building	10,000	6,000	Reserve fund	2,000	3,500	Furniture	3,000	7,000	P/L A/c	10,000	7,500	Stock	5,000	2,200	Bank overdraft	5,000	1,000	Prepaid Expenses	4,000	10,000	Expenses payable	3,000	1,200	Bill Receivable	3,000	1,000	Outstanding rent	2,000	12,000	Cash	2,500	7,000				Bank	1,500	5,000	Total	37,000	50,200	Total	37,000	50,200	CO 3	
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Q12	Malik limited invited applications for 25,000 shares of Rs.10 each payable Rs.3 on application, Rs.2 on allotment Rs.3 on First call and Rs.2 on Final call. Applications were received for 35,000 shares and pro rata allotment was made to the applicants for 30,000 shares. Tarandeep who was allotted 500 shares failed to pay allotment money and his shares were forfeited immediately after allotment. Kiran who applied for 360 shares failed to pay calls money and her shares were also forfeited. These shares were reissued to Mohan for Rs.9 per share fully paid-up. Pass journal entries. Or	CO 4																																																													

<p>Valuation becomes very important in choosing investments for a portfolio, in deciding on the appropriate price to pay or receive in a takeover and in making investment, financing and dividend choices when running a business. What is the need for valuation of Shares? State the factors affecting the valuation of shares.</p>	
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