

ADV.ACCTG. & CORP.ACCT ::Corporate Financial Accounting

Time : 2 Hours

Marks: 60

Note: All Questions are compulsory.**Figures to the right indicate full marks.****Working notes should form part of your answer.****Use of simple calculator is allowed.**Q .1) The following is the Balance Sheet of Akshata Ltd as on 31st March 2023 (15)

Liabilities	Rs.	Assets	Rs.
Equity Share Capital (Rs. 10 each)	9,00,000	Land and Building	12,00,000
10% Preference Share Capital	6,00,000	Plant and Machinery	6,00,000
General Reserve	2,75,000	Furniture	3,00,000
Profit and Loss Account	3,65,000	Stock	2,81,000
8% Debentures	4,00,000	Sundry Debtors	3,21,000
Sundry Creditors	3,00,000	Cash and Bank Balance	2,00,000
Bills Payable	1,10,000	Preliminary Expenses	48,000
	29,50,000		29,50,000

The Akshata Ltd decided to value its goodwill and equity shares for the prospective investor, it is decided to value the goodwill and equity shares for determination of purchase consideration.

Other information.

- Land and Building and Plant and Machinery are valued at Rs. 14,00,000 and Rs. 5,50,000 respectively
- Normal rate of return in the same industry is 20%
- The company requires to appoint two directors at a payment of Rs. 25,000 each annually.
- Company transfers 25% of Net Profit to General Reserve
- The profit of the previous years were

Year	Rs.
2020	2,67,000
2021	3,45,000
2022	2,90,000
2023	2,75,000

You are required to find out:

- a) Goodwill on the basis of Capitalisation of FMP
- b) Yield value of Equity Share

OR

Q.1) A) Mahalaxmi Ltd. has capital comprising 5,00,000 shares and follows calendar year as accounting year. On 1/1/2022 it issued right shares at Rs. 15 per share, at one for every 5 share. Its fair value was Rs. 21 per share. The last date for exercising right was 1/2/2022. Company's total earning after tax for 2021 was Rs. 9,00,000 and for 2022 was Rs. 13,00,000.

Calculate Earnings Per Share.

(8)

B) An item of property, plant and equipment with a cost of Rs. 100 and a carrying amount of Rs. 80 is revalued to Rs. 150. No equivalent adjustment is made for tax purposes. Cumulative depreciation for tax purposes is Rs. 30 and the tax rate is 30%. If the item is sold for more than cost, the cumulative tax depreciation of Rs. 30 will be included in taxable income but sale proceeds in excess of cost will not be taxable. The tax base of the item is Rs. 70 and there is a taxable temporary difference of Rs. 80. If the entity expects to recover the carrying amount by using the item, it must generate taxable income of Rs. 150, but will only be able to deduct depreciation of Rs. 70. On this basis, there is a deferred tax liability of Rs. 24 (Rs. 80 at 30%). If the entity expects to recover the carrying amount by selling the item immediately for proceeds of Rs. 150, calculate the deferred tax liability:

(7)

Q.2) Following are the Balance sheets of Reva Ltd and Segal Ltd as at 31st March, 2023 : (15)

Liabilities	Reva Ltd	Segal Ltd	Assets	Reva Ltd	Segal Ltd
Equity Share Capital (of Rs.10 each)	15,00,000	6,00,000	Fixed Assets	12,56,000	9,27,000
General Reserve	85,000	3,10,000	Investment(48,000 equity shares in Segal Ltd)	9,95,000	nil
Profit & Loss A/c :	1,64,000	2,38,000	Current Assets	6,48,000	3,33,000
Current Liabilities	11,50,000	1,12,000			
	28,99,000	12,60,000		28,99,000	12,60,000

Reva Ltd acquired the shares in Segal Ltd on 1st October, 2022.

On 1st April 2022 Profit and Loss A/c of Segal Ltd showed a credit balance of Rs. 88,000 out of which a dividend of 10% was paid on 3rd September, 2022. The dividend was

credited by Reva Ltd to its profit and loss account. Profit may be assumed to have accrued evenly throughout the year.

You are required to prepare a Consolidated Balance Sheet of the two companies as at 31st March, 2023.

OR

Q2. The following are the Balance Sheet of Sona Ltd. and Mona Ltd. as on 31st March, 2023:

(15)

Particulars	Note	Sona Ltd.	Mona Ltd.
I Equity and Liabilities			
1. Shareholders' Funds			
a) Share Capital	1	50,00,000	20,00,000
b) Reserves and Surplus	2	29,72,000	15,60,000
2. Non-current Liabilities			
a) Long-term Borrowings	3	10,00,000	Nil
3. Current Liabilities			
a) Trade Payable		4,71,000	1,74,000
Total		94,43,000	37,34,000
II Assets			
1. Fixed Assets			
a) Tangible Assets	4	41,00,000	29,94,000
b) Non-current Investments	5	34,00,000	Nil
2. Current Assets			
a) Inventories		14,00,000	3,60,000
b) Trade Receivables		3,74,000	3,00,000
c) Cash and Cash Equivalents	6	1,69,000	80,000
		94,43,000	37,34,000

Notes to Accounts

Note	Particulars	Sona Ltd.	Mona Ltd.
1	Share Capital Issued, Subscribed and Paid up: Equity shares of Rs. 10 each, fully paid up	50,00,000	20,00,000
2	Reserves and Surplus Capital Reserve General Reserve Surplus i.e. Credit balance of Profit & Loss	Nil 24,00,000 5,72,000 29,72,000	12,00,000 Nil 3,60,000 15,60,000
3	Long-term Borrowings Loan from Bank, Secured	10,00,000	Nil
4	Tangible Assets Buildings Plant Furniture	15,00,000 24,00,000 2,00,000	18,00,000 10,94,000 1,00,000

5	Non-current Investments 1,60,000 Equity Shares in Mona Ltd.; at cost	41,00,000	29,94,000
6	Cash and Cash Equivalents Balance with Bank	34,00,000	Nil
		1,69,000	80,000

Sona Ltd. acquired 1,60,000 shares of Mona Ltd. on 1st July, 2022.

Prepare a consolidated balance sheet as at 31st March, 2023 taking into account the following:

- Trade payables of Sona Ltd. included Rs. 1,50,000 due from Mona Ltd.
- On the 31st March, 2023 building of Mona Ltd. are found undervalued by Rs. 2,00,000 and plant of the same company is found overvalued by Rs. 1,00,000. The new values are to be incorporated.
- The balance of profit and loss account of Mona Ltd. Rs. 3,60,000 represents the profit earned by the company during the year ended 31st March, 2023.

Q.3 From the following particulars calculate the value per share under the Net Assets method. (15)

The Balance Sheet of Y Ltd. as on 31st March ,2023

Liabilities	Amt in Rs.	Assets	Amt in Rs.
Equity Share Capital of Rs.10 each fully paid	2,00,000	Land and Buildings	1,50,000
10% Preference shares capital	20,000	Plant and Machinery	1,20,000
Profit and loss A/c	80,000	Trade Investment	80,000
General Reserves	1,00,000	Stock	70,000
8% Debentures	1,00,000	Sundry Debtors	40,000
Creditors	60,000	Bills receivable	1,00,000
Bills Payable	10,000	Cash/Bank Balance	40,000
Provision for tax	20,000		
Proposed dividend	10,000		
Total	6,00,000	Total	6,00,000

Additional information.

- Goodwill is valued at a three-year purchase of super profit for the valuation of shares.

Year	profit
2018-19	25,000
2019-20	35,000
2020-21	55,000
2021-22	70,000
2022-23	80,000

2. Land and building are revalued at Rs. 2,00,000 and plant and machinery are revalued at Rs. 1,50,000.
3. Normal rate of returns in similar businesses is 10%.
4. Consider closing capital as an average capital employed.

OR

Q.3A)GHI Ltd. has borrowed funds to acquire a machine. The borrowing cost for the year is INR 1,20,000 and the total amount borrowed is INR 60,00,000. The machine takes six months to acquire and is expected to be ready for use at the end of the six months. Calculate the amount of borrowing cost which need to be capitalised. (8)

B) Siddhesh Ltd. has 7 operating segments namely A, B, C, D, E, F and G. The profit/loss of the respective segments for the year ended March 31, 2023 are as follows: (7)

Segment	Profit/(Loss) Rs. In Crores
A	1200
B	1450
C	(900)
D	(2000)
E	1000
F	1300
G	1350
Total	3400

Determine Reportable Segments as per Ind AS 108

Q.4 A) Fill in the blanks with correct alternatives (Attempt any Eight) (8)

1. Debt equity ratio shows _____
 - a. Liquidity
 - b. Profitability
 - c. Short term solvency
 - d. Long term solvency
2. Accounting Standard Board is established in _____
 - a. 1970
 - b. 1977
 - c. 2012
 - d. 2013
3. Related Party disclosure has to be done as per _____
 - a. Sec 15
 - b. Sec 215
 - c. Sec 134
 - d. Sec 231 of the companies Act
4. US GAAP are issued by _____
 - a. ICAI
 - b. IASB
 - c. FASB
 - d. IASC

5. Income from temporary investment of borrowings that are eligible for capitalization is treated as _____
 - a. Added to general reserve
 - b. Credited to P & L A/c
 - c. Deduction from borrowing cost incurred
 - d. Deferred income
6. Total external revenue reported by operating segments constitutes less than _____
 - a. 95% of total revenue
 - b. 50% of total revenue
 - c. 75% of total revenue
 - d. 80% of total revenue
7. A Ltd. issued 10,00,000 equity shares of Rs.100 each. The company also issued Rs. 10,00,000 10% Convertible debentures of Rs. 100 each. Conversion ratio is 1:1, N.P Rs. 50,00,000, Rate of tax is 30%. The diluted EPS is _____
 - a. Rs. 6
 - b. Rs..4
 - c. Rs. 7
 - d. Rs. 9
8. Ind AS 16 does not apply to _____
 - a. Property
 - b. Equipment
 - c. Plant
 - d. Biological asset related to agriculture
9. The Company earns a net profit of Rs. 24,000 with a capital of Rs. 1,20,000. The NRR is 10%. Under capitalization of super profit, Goodwill will be _____
 - a. 24,000
 - b. 70,000
 - c. 1,20,000
 - d. 12,000
10. Consolidated Financial Statement are prepared as per _____
 - a. AS 13
 - b. AS 11
 - c. Ind AS 110
 - d. AS 14

B) State whether the following statement are True or False (Any 7)

(7)

1.	Balance Sheet is an important constituent of corporate reporting.
2.	Materiality has to be considered in selection of accounting policies.
3.	In AS 104 does not specify financial reporting for insurance contracts.
4.	Segment reporting includes reporting about inter-segment sale.
5.	Ind AS 12 includes domestic taxes.
6.	Yield value depends on Net Assets.
7.	Holding company is the company which holds all the shares of the other company.
8.	Capital expenditure generates revenue.
9.	Framework is the basis of Ind AS.
10.	Tax base of asset is equal to fair value.

OR

Q.4) Write Short Notes on any three

(15)

- a. Management Discussion and Analysis.
- b. Segment Reporting- General disclosure.
- c. Future Maintainable Profit
- d. Ind AS 33
- e. Goodwill or Capital Reserve in Cost of Control.
