Q. P. Code: 39815

Patankar Ltd., acquired the shares in Jain Ltd., as on 1st October, 2016. Bill receivable held by Jain Ltd., are all accepted by Patankat Ltd.
Included in the Sundry debtors of Jain Ltd. is a sum of Rs.12, 000 owing by Patankar Ltd. in respect of Goods Supplied.
Prepare consolidated Balance Sheet as on 31st March, 2017.

Q. 2. On 31st March 2017 the Balance sheet of Eknath Ltd., was as follows: **(15)**

Liabilities	Rs	Rs.	Assets	Rs.
15,000 Equity shares of Rs.100 each	30,00,000		Land & Building	6,00,000
Less: Calls Arrears at Rs.20 each	4,000	29,96,000	Plant & Machinery	3,45,000
Profit & Loss A/C		3,09,000	Stock	9,00,000
Bank Over Draft		64,000	Debtors	18,15,000
Creditors		2,31,000	Cash & Bank	3,00,000
Provision for Taxation		1,35,000		
Propose Dividend		2,25,000		
		39,60,000		39,60,000

The Net Profit of the Company after providing tax was as follows:

Year Ended	Rs.
31st March 2017	3,45,000
31st March 2016	3,00,000
31st March 2015	3,75,000
31st March 2014	3,60,000
31st March 2013	2,70,000

Additional information:

i. On 31st March 2017 Land & Building were valued at Rs.7, 50,000 and Plant& Machinery were valued at Rs. 4, 50,000.
ii. Normal rate of return is 8%.

Calculate Goodwill to be valued at 3 years purchase of super profit based on average profit of last 5 years also find intrinsic value of fully paid equity shares. Consider closing capital employed as average capital employed.

OR

Q. 2. (A) From the following information relating to Patil Ltd., Calculate Earning per Share. **(7)**

Particulars	Rs.
Profit before V.R.S. Payment but after depreciation	2,25,000
Depreciation	30,000
V.R.S. Payment	96,300
Provision for Taxation	30,000
Fringe benefit Tax	15,000
Paid up share Capital of Rs.10 each fully paid up	2,79,000

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MCOM (Sem IV) (CBCS) (30)

12/12/18

Q. P. Code: 39815

Time: 2 Hours

Marks: 60

NB: 1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Working notes should form part of your answers.
4. Use of Simple Calculator is allowed.

Q.1. The following are the balance sheet of Sharma Ltd. and Varma Ltd. as at 31st March, 2017. **(15)**

Liabilities	Sharma Ltd. Rs.	Varma Ltd. Rs.	Assets	Sharma Ltd. Rs.	Varma Ltd. Rs.
Share Capital	6,00,000	1,50,000	Shares in Varma Ltd.	6,90,000	Nil
Reserves	90,000	30,000	Sundry Assets	5,40,000	3,60,000
Profit and loss A/c (Balance on 01-04-2016)	1.80,000	90,000	Cash at bank	60,000	30,000
Profit for the year	1,20,000	30,000			
Creditors	3,00,000	90,000			
Total	**12,90,000**	**3,90,000**	**Total**	**12,90,000**	**3,90,000**

Additional Information:
- Sharma Ltd. acquired 80% of the shares in Varma Ltd. on 1-10-2016.
- Included in the assets of Sharma Ltd. there is Rs.90, 000 loan to Varma Ltd. shown as creditors in Varma Ltd.

Prepare Consolidated Balance Sheet of Sharma ltd. as at 31st March, 2017.

OR

Q.1. The Balance sheet of Patankar Ltd. and Jain Ltd., as on 31st March, 2017 were as under: **(15)**

Particulars	Patankar Ltd. Rs.	Jain Ltd. Rs.
Liabilities		
Equity Share Capital of Rs.10 each	4,00,000	1,00,000
General Reserve	60,000	20,000
Profit & Loss A/C Balance on 1.4.2016	80,000	40,000
Profit for the year	1,00,000	50,000
Bills Payable	30,000	---
Creditors	60,000	60,000
Bank Over Draft	40,000	---
Total	**7,70,000**	**2,70,000**
Assets		
Building	1,20,000	---
Machinery	4,00,000	---
6000 Shares in Jain Ltd.,	1,30,000	---
Stock	80,000	1,70,000
Debtors	20,000	60,000
Bank Balance	20,000	20,000
Bill receivable	---	20,000
Total	**7,70,000**	**2,70,000**

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(08)

(B) Y.N. Ltd. Purchased Machinery from Kalpesh Ltd., on 30th September, 2017. The Price was Rs.8, 00,000 before charging 18% GST and Giving a Trade Discount of 2% on the quoted price. Transport Charges were 0.25% on the Quoted price & installation charges 1% on the Quoted price.

A loan of Rs. 8, 00,000 was taken from Bank of Maharashtra on which Interest at 15% p.a. has to be paid. Expenditure on Trial run was material Rs.74,000, wages Rs.56,000 & other overheads Rs.36000.
Machinery was ready for use on 1st December, 2017. However it was actually put to use only on 1st May, 2018.
Find out Cost of Machine were Loan remain unpaid on 1st May, 2018.

Q. 3. The balance sheet of Raj Ltd. as at 31st March 2017 was as follows. **(15)**

Liabilities	Rs.	Assets	Rs.
Share Capital of Rs.100 each	4,00,000	Land & Building	2,20,000
General Reserve	80,000	Plant & Machinery	2,60,000
Profit & Loss A/C	64,000	Trade Mark	40,000
Creditors	2,56,000	Stock	96,000
Income-Tax	1,20,000	Debtors	1,76,000
		Bank Balance	1,04,000
		Under writer Commission	24,000
Total	9,20,000	Total	9,20,000

The Expert valued the land& building at Rs.4, 32,000. Goodwill at Rs.3,20,000 and Plant & Machinery at Rs.2,21,000. Out of the total debtors it is found that debtors of Rs.16, 000 are bad.

The profit of the Company has been as follows:-

Year	Profit in Rs.
2014-15	1,60,000
2015-16	1,80,000
2016-17	2,12,000

The Company follows the practice of transferring 25 % of Profit to general reserve. Similar type of companies earned 10% of the value of their share.
Ascertain the value of the Companies shares under:

a) Intrinsic value method
b) Yield value method
c) Fair value method

Ignore Taxation and Depreciation on revalued assets.

OR

Q. 3. **(8)**

A) The net profit of a company after providing for taxation for the past five years are Rs.2, 00,000, Rs. 2,10,000, Rs. 2,30,000,Rs. 2,25,000 and Rs. 2,35,000. Average capital employed is Rs. 20, 00,000 on which a reasonable rate of return of 10% is expected. It is expected that the company will be able to maintain its super profits for the next five years.

1. Calculate the value of goodwill of business on the basis of an annuity of super profits, taking the present value of annuity of one rupee for five years at 10% interest as Rs.3.78.

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2. How would your answer differ if the goodwill is calculated by capitalizing the excess of the annual average distributable profits over the reasonable return on capital employed on the basis of the same return of 10%?

(B) Calculate basic EPS as per AS 20 from the following information. **(7)**

- Share capital as on 01 April, 2017 is 5, 00,000 equity share of Rs. 10 each.
- Issue of right share for cash on 1st July 2017 in the ratio of 1 share for every 5 share held.
- Issue of Bonus share excluding right share on 1st October, 2017 in the ratio of 1 share for every 5 shares.
- Net profit before tax for 2017-18 is Rs.22, 50,000. Tax Rate is 40%.

Q.4. A. Select the most appropriate option and rewrite the full sentence. **(8)**

1. Financial reporting is compulsory for ______________.
   - Sole traders
   - Companies
   - Firm
   - None of the above
2. Consolidated financial statement is to be prepared as per ___________.
   - AS 19
   - Ind AS 7
   - AS 10
   - Ind AS 110
3. Borrowing cost directly attributable to _________ forms of qualifying assets.
   - Acquisition
   - production
   - construction
   - all of the above
4. Property, plant and equipment are _____________
   - Tangible items
   - Investments
   - Intangible items
   - None of the above
5. Profit earned after the date of acquisition of share is treated as _______.
   - Capital profit
   - Extra – ordinary profit
   - Revenue profit
   - All of the above
6. NCI is shown in the consolidated balance sheet on __________.
   - Asset side
   - P & L credit side
   - Liability side under other equity
   - P & L debit side
7. Goodwill is paid for obtaining ______________.
   - Future benefit
   - Past benefit
   - Present benefit
   - None of the above
8. IFRS are the ______________.
   - Sets of financial reporting standards
   - Sets of auditing standards
   - Rules of accounting
   - None of the above

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B. State whether the following statements are True OR False. (7)

1. Financial reporting facilitates statutory audit.
2. AS 16 does not deals with cost of owners equity.
3. Segment reporting includes reporting about segment revenue.
4. Fair value is the average of intrinsic value and yield value.
5. EPS depends on net profit available to equity shareholders.
6. Capital expenditure does not generate revenue.
7. Holding company is the company who holds all the shares of the other company.

OR

Q. 4. Write Short notes on any three of the followings. **(15)**

1. Need of Financial Reporting.
2. Nature of Goodwill
3. Objective of preparation of consolidated financial statement.
4. Benefits of adoption of IFRS.
5. Need for valuation of shares.

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