Time: 2 Hours

Total Marks: 50

N.B.: 1) All questions are compulsory.

- 2) Figures to the right indicate full marks.
- 3) Working should form part of your answers.
- Q1 A) Ajay Ltd has issued capital of Rs.2000000 divided into Equity Shares of Rs.100 each on 31.03.2023. On 1.8.2023, 10000 Debentures of Rs.100 each were redeemed by the conversion into equity shares at par to the extent of 50% and Balance by Payment. On 1.11.2023 the company implemented the scheme of Buy Back of equity shares to the extent of 20% of shares held on 1.4.2023. The Process of buy back was completed on 1.12.2023. Calculate Weighted Average No. of shares. (07)
- Q1 B) Arya Ltd has Net Profit of Rs. 4500000, Weighted Average Number of Shares is 750000 shares, Convertible Bonds- Rs. 1250000 convertible into 75000 shares, Stock Options-75000 options with an exercise price of Rs. 100 and Market Price of Shares is Rs. 200. Calculate Earnings Per Share and also Calculate Diluted Earnings Per Share.

  (07)

OR

Q1 A) A Company owns a Patent with the following expected cash flows over the next three years: Rs.400000, Rs.600000 and Rs.800000. The discount rate is 15%. The patent is similar to a recently sold Patent that fetched Rs.2000000.

| PV@15% | 1     | 2     | 3     |
|--------|-------|-------|-------|
| DF:    | 0.870 | 0.756 | 0.658 |

You are required to calculate present value of cash flow using income Approach, Fair Value using market Approach and Final Fair Value. (07)

## Q1 B) Classify the following assets as Tangible or Intangible.

(07)

- 1. Invested Rs.5000 in E-commerce website platform.
- 2. Software embedded in computer controlled machine tools worth Rs.50000.
- 3. Purchase Machinery worth Rs. 10000 and installed in the factory.
- Purchase of franchise from hotel at a cost of Rs.500000 under a contract for a 10 years.
- 5. Operating system of a personal computer worth Rs.100000 purchase.
- 6. A firewall controlling access to restricted section of an internet website is Rs.5000
- Integrated Publishing Software amounted to Rs. 10000.

| Calculate the value of HR from the follow                 | mg miormat | ion:      | (12        |
|---|------------|-----------|------------|
| M   | anagerial  | Qualified | Unqualifie |
| <ol> <li>Annual Average earning of an employee</li> </ol> | 50,000     | 35,000    | 25,000     |
| 2) Age of Retirement                                      | 60         | 60        | 60         |
| 3) Discount Rate  | 10%        | 10%       | 10%        |
| No of employees in a group                                | 10         | 20        | 30         |
| 5) Average Age  | 56         | 52        | 48         |

OR

Q2) C Ltd. has 250 unqualified employees. Their age group and the future average earning per year per employee is expected to be as follows: (12)

| Age Range | A   | verage A | Annual Ear | ning per | Employee | ~  |
|-----------|-----|----------|------------|----------|----------|----|
| 20-30     |     | 37       | 500        |          | .5° ye   |    |
| 30-40     |     |          | 700        | 00       |          |    |
| 40-50     | 100 |          | 900        | 00       | 10°      |    |
| 50-60     |     | -        | 800        | 00       |          | 1- |

Discount rate is 10%. Calculate the value of HR. Assume that all the employees are 25 years old.

Q3) The following is the Balance Sheet of Birla as at 31/12/2024:

(12)

| Liabilities          | Rs.       | Assets                  | Rs.       |
|----------------------|-----------|-------------------------|-----------|
| Equity Share Capital | 5,00,000  | Land & Building         | 3,50,000  |
| Reserves             | 1,70,000  | Plant & Machinery       | 2,00,000  |
| Secured Loans        | 2,00,000  | Furniture               | -50,000   |
| Short Term Loans     | 1,00,000  | Stock                   | 1,50,000  |
| Creditors            | 50,000    | Debtors 1,45,000        | 1         |
|                      | . 3       | Less: RDD 20,000        | 1,25,000  |
|                      | -         | Bills Receivable        | 75,000    |
|                      |           | Bank Balance            | 50,000    |
| 3, 5                 | - 1       | Preliminary Expenses    | 10,000    |
|                      |           | Underwriting Commission | 10,000    |
|                      | 10,20,000 |                         | 10,20,000 |

The company's profit before managerial remuneration (Rs.40,000 p.a) and taxation are:

| Year ended 31st December | - Rs   |
|--------------------------|--|
| 2020                     | 1,80,000   |
| 2021                     | 1,90,000   |
| 2022                     | 2,60,000 (including Rs.40,000 from speculation)        |
| 2023                     | 2,50,000 (including Rs.10,000 on sale of fixed assets) |
| 2024                     | 2,80,000   |

Compute its Goodwill as 5 years purchase of super profit assuming that,

- a. Companies engaged in similar business normally earn 15% p.a
- Rate of income tax may be taken at 50%.
- c. Half of the profit is to be considered for calculating Average CE.

## OR

Q3) Max & Co., decided to purchase the business of Bharat & Co. on 31/12/2024. Profits of Bharat and Co. for the last 6 years were: (12)

| Year | Rs.    |
|------|--------|
| 2019 | 10,000 |
| 2020 | 8,000  |
| 2021 | 12,000 |
| 2022 | 16,000 |
| 2023 | 25,000 |
| 2024 | 31,000 |

The following additional information about Bharat & Co. is also supplied:

 A casual income of Rs.3,000 was included in the profit of 2021 which can never be expected in future.

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- b. Profit of 2022 was reduced by Rs.1,000 as a result of an extraordinary loss by fire
- c. After acquisition of the business, Max & Co. has to pay insurance premium amounting to Rs.1,000 which was not paid by Bharat & Co.
- d. Moksh the proprietor of Max & Co. was employed in a firm at a monthly salary of Rs.1,000 p.m. The business of Bharat & Co. was managed by a salaried manager who was paid a monthly salary of Rs.400. Now, Mr. Moksh decides to manage the firm after replacing the manager.

Compute the value of Goodwill on the basis of 3 years purchase of the average profit for the last 4 years

## Q4) On 31st March, 2024 the balance sheet of Ganga Ltd. was as follows.

(12)

|   | Balanc             | e Sheet   |  | -         |
|---|--------------------|-----------|--|-----------|
| Liabilities   | Rs.                | Rs.       | Assets   | Rs.       |
| Share Capital:  |                    | -         | Land and<br>Buildings  | 3,00,000  |
| Authorized 20,000 equity share of Rs.100 each   | =<br>n=            | 20,00,000 | Plant and<br>Machinery   | 1,72,500  |
| Issued and paid up 15,000 equity Share of Rs.100 each Less: Calls in arrears Rs.20 each | 15,00,000<br>2,000 | 14,98,000 | Stock  | 4,50,000  |
| Profit and Loss A/c   | 400                | 1,54,500  | Sundry Debtors   | 9,07,500  |
| Bank Overdraft  |                    | 32,000    | Cash   | 20,000    |
| Creditors   | . T.               | 1,15,500  | Bank   | 1,30,000  |
| Provision for Taxation  | 25                 | 67,500    | 3  | . %       |
| Proposed Dividend   |                    | 1,12,500  | the state of the s | · ·       |
|   | (C)                | 19,80,000 | 1  | 19,80,000 |

The Net Profits of the company after providing for tax were as follows:

| Year Ended      | Rs.      |
|-----------------|----------|
| 31st March,2024 | 1,72,500 |
| 31st March,2023 | 1,50,000 |
| 31st March,2022 | 1,87,000 |
| 31st March,2021 | 1,80,000 |
| 31st March,2020 | 1,35,000 |

On 31<sup>st</sup> March,2024 Land and Building were valued at Rs.3,75,000 and Plant and Machinery were valued at Rs.2,25,000.Normal rate of return can considered at 8%.Goodwill is to be valued at Rs.67,800.

Find the Intrinsic value of fully paid and partly paid equity shares. Consider closing capital employed as average capital employed.

OR

Q4) Write Short Notes: (Any 3)

(12)

- (a) Benefits of Global Standards
- (b) Standard Cost Model of Human Resources Accounting
- (c) Types of Employee Benefits
- (d) Market Approach of Valuation of Shares
- (e) Methods of Valuation of Goodwill

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