

**CARMEL COLLEGE OF ARTS, SCIENCE & COMMERCE FOR WOMEN,
NUVEM - GOA**

B.COM. CBCS SEMESTER VI EXAMINATION, JULY 2021

Subject Code: UCOD – 117

Subject Name: Advanced Company Accounts

Total marks: 30

Date: 14/07/2021

Duration: 2 hrs.

Total No of pages: 03

Instructions: 1. Q. Nos. 1 consist of FIVE questions. Answer any THREE.

2. Each question carries 10 marks.

3. Working notes and schedules required wherever necessary.

4. Figures to the right indicate full marks.

1. The extract of the Balance Sheet of Archana Industries Ltd as on 31st March 2021

Liabilities	Amount ₹	Assets	Amount ₹
4,000 Equity Shares of ₹100 each	4,00,000	Freehold Property	2,00,000
2,000, 5% Preference Shares of ₹100 each.	2,00,000	Plant and Machinery	3,00,000
6% Mortgage Debentures	1,00,000	Goodwill	15,000
Sundry Creditors	75,000	Stock	50,000
Other Current Liabilities	1,00,000	Sundry Debtors	40,000
		Cash and Bank Balance	25,000
		Profit and Loss A/c	2,45,000
	8,75,000		8,75,000

The following scheme of capital reduction was approved by the court of law:

1. The 5% Preference Shares to be reduced by ₹25 per share.
2. Equity Shares to be reduced to ₹37.50 per share.
3. The debenture holders took over inventories and trade receivable in full satisfaction of the amount due to them.
4. The goodwill and profit and loss A/c are to be eliminated.
5. The freehold properties to be depreciated by 50%.
6. The value of plant and machinery to be increased by ₹50,000.

Pass necessary journal entries in the books of Archana Industries Ltd and prepare the Balance Sheet. **(10 mks)**

2. The following is the summarized Balance Sheet of Aquagard Ltd as on 31st March 2021

Liabilities	Amount ₹	Assets	Amount ₹
25,000 Equity Shares of ₹10 each	2,50,000	Machinery	1,20,000
Share Premium	50,000	Furniture	50,000
General Reserve	1,19,700	Stock	3,10,000
Profit and Loss A/c	78,800	Debtors	1,03,000
Sundry Creditors	2,04,700	Cash in hand	1,700
Provision for taxation	98,500	Cash at bank	2,17,000
	8,01,700		8,01,700

The company transfers 20% of its profits (after tax to general reserve).
Net Profit before taxation of the last 3 years has been as follows:-

31 st March 2019	- ₹1,67,500
31 st March 2020	- ₹1,83,000
31 st March 2021	- ₹1,97,000

Rate of taxation is 50% and normal rate of dividend is 10%, Machinery is valued at ₹1,40,000 and goodwill may be taken at ₹20,000.

Calculate the fair value of equity share.

(10 mks)

3. Prepare a Balance Sheet in vertical form as at 31st March 2021 from the following information of XYZ Ltd.

Particulars	Amount ₹
Term Loan (Secured)	50,000
Sundry Creditors	57,250
Advances (Dr.)	18,600
Cash and Bank balances	13,750
Staff Advances	2,750
Provision for taxation	8,500
Share Premium	23,750
Loose Tools	2,500
Investments	11,260
Loss for the year	15,000
Sundry Debtors	61,250
Miscellaneous Expenses	2,900
Loans from Debtors	10,000
Unsecured Loan	1,35,000
Provision for doubtful debts	1,010
Stores	20,000
Fixed Assets (W.D.V)	2,57,500
Finished Goods	37,500
General Reserve	1,02,500
Capital Work in Progress	10,000

Additional Information:

- Share Capital consists of 150 Equity Shares of ₹100 each fully paid up and 500, 10% redeemable preference shares of ₹100 each fully paid up.
- Term loan is secured.
- Depreciation on asset is ₹25,000.

(10 mks)

4. Rohan Ltd. and Sohan Ltd. amalgamated on 1st April, 2021. A new company Raja Rani Ltd. was formed to take over the business of the existing companies.

Balance Sheet as on 31st March 2021

Liabilities	Rohan ₹	Sohan ₹	Assets	Rohan ₹	Sohan ₹
Equity Share Capital of ₹10 each	2,40,000	2,80,000	Fixed Assets	3,40,000	3,00,000
General Reserve	60,000	80,000	Investment	42,000	22,000
Profit and Loss A/c	40,000	20,000	Stock	50,000	1,10,000
Investment Allowance Reserve	20,000	4,000	Debtors	72,000	1,60,000
Export Profit Reserve	2,000	4,000	Cash and Bank	18,000	16,000
12% Debentures	1,20,000	1,60,000			
Sundry Creditors	40,000	60,000			
	5,22,000	6,08,000		5,22,000	6,08,000

Raja Rani Ltd., issued requisite number of shares to discharge the claims of the equity shareholders of transferor companies.

Prepare a note showing purchase consideration and discharge thereof and draft the balance sheet of Raja Rani Ltd. (10 mks)

5. Ascertain the value of goodwill of Ryan Ltd. carrying on textile business from the following information:-

Balance Sheet as on 31st March 2021

Liabilities	Amount ₹	Assets	Amount ₹
3,750 Equity Shares of ₹100 each	3,75,000	Goodwill at cost	52,500
Profit and Loss A/c	90,000	Land and Building	1,50,000
Sundry Creditors	1,35,000	Plant and Machinery	1,40,000
Provision for taxation	90,000	Stock	2,40,000
Bank Overdraft	30,000	Sundry Debtors	1,27,500
		Bank	10,000
	7,20,000		7,20,000

The company commenced the operations in the year 2017.

The profit earned before providing for taxation are

31 st March 2017	- ₹93,000
31 st March 2018	- ₹97,000
31 st March 2019	- ₹1,05,000
31 st March 2020	- ₹1,25,000
31 st March 2021	- ₹1,52,000

Assuming that income tax rate @ 40% is payable on these profits and 15% is the fair return on capital employed in such type of concerns; ascertain goodwill of the business by capitalization of future maintainable profits. (10 mks)