

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

SEMESTER END EXAMINATION, JUNE 2022

Semester VI of B.COM

Course Title: Advanced Company Accounts (DSE 5) Course Code: UCOD 117

Total marks: 80 Date: 11/06 /2022 Duration: 2 hrs. Total No of pages: 04

Instructions: 1. Q. No. 1 is **compulsory**.

2. Answer any **THREE** questions from Q. No. 2 to No. 6.

3. **Each** question carries 20 marks.

4. Working notes and schedules required **wherever** necessary.

5. Figures to the right indicate full marks.

1. The following is the summarized balance sheet of D Ltd as on 31st December 2022.

Liabilities	Amount ₹	Assets	Amount ₹
20,000 Equity Shares of ₹100 each	20,00,000	Goodwill	50,000
12% Debentures	5,00,000	Land & Building	1,50,000
Bank Loan	55,000	Plant & Machinery	3,00,000
Outstanding debentures interest	1,20,000	Furniture	80,000
Creditors	3,00,000	Stock	3,50,000
		Debtors	60,000
		Cash at Bank	10,000
		Discount on issue of debentures	20,000
		Profit and Loss Account	19,55,000
	29,75,000		29,75,000

The following scheme of reconstruction is executed:

- Equity shares are reduced by ₹5 per share. They are, then consolidated into 10,000 equity shares of ₹10 each.
- Debenture holders agree to forego outstanding debenture interest. As a compensation, 12% debentures are converted into 14% debentures, the amount remaining ₹.5,00,000.
- Creditors are given the option to either accept 50% of their claims in cash in full settlement or to convert their claim in equity shares of ₹10 each, creditors for ₹.2,00,000 opt for shares in satisfaction of their claims.
- To make payment to creditors opting for cash payment and to repay bank loan and to augment working capital, the company issues 50,000 equity shares of ₹10 each at par, the entire amount being payable along with applications. The issue was fully subscribed.
- Land & Building are revalued at ₹2,25,000 whereas plant & machinery is to written down to ₹1,85,000. A provision amounting to ₹5,000 is to be made for doubtful debts. Pass journal entries and draft the company's Balance Sheet immediately after the reconstruction.

(20 mks)

2. The following is the trial balance of P.K. Ltd as on 31st March 2022.

Particulars	Debit ₹	Particulars	Credit ₹
Stock	1,50,000	Equity Share Capital	5,00,000
Purchases	3,82,000	Purchase return	10,000
Wages	60,000	Sales	11,50,000
Furniture	25,000	Discount	6,300
Salaries	12,000	Profit and loss account	1,70,000
Rent	15,000	Trade Creditors	33,700
Trade expenses	11,000	General Reserve	82,000
Trade Debtors	54,000	Provision for doubtful debts	3,000
Plant and Machinery	12,38,000		
Discount allowed	8,000		
	19,55,000		19,55,000

Additional Information:

1. Stock in trade on 31st March, 2022 is ₹2,00,000.
2. Depreciate plant and machinery at 12% and Furniture at 10%.
3. Further bad debts amounted to ₹4,000. Provide 5% on debtors for doubtful debts.
4. Provide for Income tax @ 30%.
5. Transfer 10% of the net profit to general reserve.

Prepare statement of Profit and Loss for the year ended 31st March 2022 and the note for Reserve and Surplus. **(20 mks)**

3. The statement of Assets and Liabilities drawn on 31st March 2022 disclosed the following position.

Liabilities	Amount ₹	Assets	Amount ₹
10,000 Equity shares of ₹10 each fully paid	1,00,000	Land & Building	84,000
Profit & Loss A/c	20,000	Plant & Machinery	60,000
Debentures	15,000	Furniture & Fittings	5,000
Sundry Creditors	20,000	5% Tax free Govt. Bonds	20,000
Provision for Taxation	9,000	Stock	2,000
Proposed Dividend	15,000	Debtors	6,000
		Cash	2,000
	1,79,000		1,79,000

Additional Information:

1. The Net profit of the company after charging depreciation and taxes were as follows:
2017 – 2018 - ₹17,000/- ; 2018 – 2019 - ₹19,000/-; 2019 – 2020 – ₹18,000/-;
2020 – 2021 – ₹20,000/- ; 2021 – 2022 – ₹19,000/-
2. On 31st March 2022, the Land Building were revalued at ₹95,000/-, Plant and Machinery ₹71,000/- and Furniture and Fittings ₹4,000/-.
3. 10% represents a fair value of returns on capital employed.
Calculate Goodwill based on five years purchase of Super Profits of the company and Capitalization of Future Maintainable profits. **(20 mks)**

4. From the following ledger balance of Sun and Moon Company Limited, prepare a Balance Sheet of the company as on 31st March 2022 as per revised schedule III of Companies Act, 2013. **(20 mks)**

Particulars	Amount ₹	Particulars	Amount ₹
Equity share capital	26,00,000	Tools and Equipment's	3,75,000
General reserve	30,000	Gratuity fund	3,00,000
12% Debentures	4,00,000	Debtors	1,38,520
Land and buildings	15,54,970	Cash at Bank	1,57,160
Goodwill	10,00,000	Stores and Spares	1,77,800
Bank overdraft	2,45,100	Bills Receivable	44,600
Discount on issue of debentures	12,500	Profit and Loss Account (Cr)	21,490
Prepaid insurance	25,000	Bills Payable	50,000
Mutual fund investment	1,68,000	Advances to employees	1,50,000
Interest payable	32,400	Sundry Creditors	42,560
Proposed dividend	82,000		

5. Summarized Balance Sheet of Joy Ltd as on 31st March 2022.

Liabilities	Amount ₹	Assets	Amount ₹
Equity Shares of ₹10 each	10,00,000	Land & Building	10,00,000
10% Preference Shares of ₹10 each	5,00,000	Goodwill	2,00,000
10% Debentures	2,00,000	Investment	5,00,000
Creditors	2,00,000	Stock	4,00,000
Other current liabilities	7,00,000	Preliminary Expenses	1,00,000
		Publicity Campaign Expense.	4,00,000
	26,00,000		26,00,000

Additional Information:

The scheme of reconstruction as approved by the court was as under:

- Each existing equity shares will be written down from ₹10 to ₹4.
- Each existing 10% preference share is to be written down ₹10 to ₹8 of which ₹4 will be represented by 12% Preference shares and ₹ 4 by Equity shares.
- 10% Debentures holders agree to waive 20% of right.
- Assets revalued as under: Land & Building ₹12,00,000, Investments ₹4,80,000, Stock Reduced by 10%.
- Creditors due are settled as: 20% immediate payment; 40% amount cancelled.
- All fictitious and intangible assets written off.

Pass Journal Entries and draft the company's Balance Sheet immediately after the reconstruction. **(20 mks)**

6. Following is the summarized statement of Assets and Liabilities of Samrat Ltd. as on 31st March 2022. (20 mks)

Liabilities	Amount ₹	Assets	Amount ₹
10,000 Equity Shares of ₹10 each	1,00,000	Land and Building	55,000
General Reserve	10,000	Plant	65,000
Provision for tax	30,000	Trademarks	10,000
Workmen’s Saving A/c	15,000	Stock	24,000
Profit and Loss A/c	16,000	Debtors	44,000
Sundry Creditors	49,000	Cash at Bank	26,000
		Preliminary Expenses	6,000
	2,30,000		2,30,000

Additional Information:

- The plant is worth ₹60,000 and Land and Building have been valued at ₹1,20,000 by an independent valuer.
- The profits of the company have been as follows:
2020 - ₹60,000
2021 - ₹73,000
2022 - ₹65,000
- It is the company’s practice to transfer 25% of profit to Reserve.
- Taxation is at 50%.
- Goodwill is to be valued at four-year purchase of super profits. Similar companies give a yield of 10% on the market value of shares.

Find out the value of equity share on:

- a) Intrinsic value basis
- b) Yield basis.
- c) Fair value basis
