

T.Y.B.Com Courses (CBCS) Ordinance (Semester - VI)
Examination June 2022

Accounting: Advanced Company Accounts (DSE 5)

Duration : 2 Hours

Max. Marks : 80

Instructions:

1. Question No. 1 is compulsory.
2. Answer any 3 questions from Q.2 to Q.6
3. Figures to the right indicate maximum marks allotted.

Q.1. The following is the summarized list of assets and liabilities of Shriram Ltd. as on 31st March, 2022.

Liabilities	Amount	Assets	Amount
10,000 shares of ₹ 10 each fully paid	1,00,000	Land and building	84,000
Profit & Loss account	20,000	Plant and Machinery	60,000
Debentures	15,000	Furniture & fittings	5,000
Trade creditors	20,000	5% tax free Government bonds	20,000
Provision for taxation	9,000	Stock	2,000
Proposed dividend	15,000	Book debts	6,000
		Cash	2,000
Total	1,79,000	Total	1,79,000

The net profit of the company after charging depreciation and taxes were as follows:

2017-18	₹ 17,000
2018-19	₹ 19,000
2019-20	₹ 18,000
2020-21	₹ 20,000
2021-22	₹ 19,000

On 31st March 2022 the land and building were revalued at ₹ 95,000, plant & machinery ₹ 71,000, and furniture & fittings ₹ 4,000. 10% represents a fair commercial rate of return on investment in the company.

Find out value of goodwill based on:

- a) Five years purchase of super profit of the company.
- b) Capitalization of super profit
- c) Capitalization of future maintainable profit.

20 marks

Q.2. Raja Ltd. and Ram Ltd. agreed to amalgamate. A new company Rajaram Ltd. was formed to take over the above two companies as on 31st March, 2021.

The summarized balance sheets of the two companies as on that date are given below:

Liabilities	Raja Ltd.	Ram Ltd.	Assets	Raja Ltd.	Ram Ltd.
<i>Paid up capital</i>					
90,000 equity shares of ₹ 10 each.	9,00,000		Goodwill	1,20,000	50,000
8,000 equity shares of ₹ 100 each.		8,00,000	Land & Building	4,00,000	3,00,000
Capital reserve	3,00,000		Plant & machinery	4,50,000	3,50,000
General reserve		50,000	Patents	1,10,000	1,00,000
Profit & Loss a/c	50,000	50,000	Stock	1,50,000	1,20,000
Sundry creditors	1,50,000	90,000	Sundry debtors	1,20,000	50,000
			Cash at bank	50,000	20,000
Total	14,00,000	9,90,000	Total	14,00,000	9,90,000

Find out the purchase consideration of the two companies and prepare journal entries and opening balance sheet of Rajaram Ltd. The purchase consideration was paid in equity shares of ₹ 10 each of Rajaram Ltd. **20 marks**

Q.3. You are given the following extracts of ledger balances taken from the books of Balram Ltd as on 31st March 2022.

Particulars	Amount/₹	Particulars	Amount/₹
Transit insurance	4,000	Transfer fee	16,700
Interest on debenture	3,000	11% debentures	1,00,000
Trade expenses	8,200	Rent received	5,400
Advertisement expenses	3,100	Sales	5,26,000
Bad debts	4,500	Share Capital	3,00,000
Discount allowed	5,000		
Purchases	3,13,000		
Furniture & Fittings	1,00,000		
Opening stock	70,000		
Freight inward	6,400		
Selling & distribution expenses	3,000		
Tools & equipments	25,500		
Consumables	9,400		
Cash at bank	54,600		
Commission	13,000		
Salaries	60,000		
Wages	20,000		
Land & buildings	2,00,000		
Rentals	3,500		
Interest on loan	12,600		
Depreciation	18,000		

Additional Information:

- Closing stock was valued at ₹ 83,300.
- Wages outstanding amounted to ₹ 11,000
- Interest on debentures outstanding amounted to ₹ 8,000

Prepare a statement of Profit & Loss Account for the year ended 31st March 2022.

20 marks

Q. 4 The Balance Sheet of Sitaram Ltd. as on 31st March 2022 revealed the following.

Liabilities	₹	Assets	₹
Share capital (Issued)		Fixed Assets	10,00,000
Equity shares of ₹ 10 each	10,00,000	Goodwill	2,20,000
Reserves	2,00,000	Current assets	4,40,000
P&L account	20,000	Discount on debentures	40,000
10% Debentures	2,00,000		
Current Liabilities	2,80,000		
Total	17,00,000	Total	17,00,000

1. Fixed assets and goodwill were revalued at ₹ 9,50,000 and ₹ 2,50,000 respectively.
2. The net profit after tax for the immediately preceding three years were ₹ 1,05,000, ₹ 1,10,000 and ₹ 1,15,000 of which 25% were transferred to reserves.
3. A fair return in the industry in which the company is engaged is considered to be 12%

Compute the value of company's shares by:

- a. Net Assets Method
- b. Yield value method
- c. Fair Value method

20 marks

Q.5. Prepare a Balance Sheet of Vishram Ltd. As per schedule III of the Companies Act 2013 from the following information provided as on 31st March 2021.

Particulars	Debit/₹	Credit/₹
Term loan	-	10,00,000
Sundry creditors	-	11,45,000
Advances	2,56,000	-
Cash & bank balances	2,72,000	-
Staff advances	55,000	-
Tax payables	-	1,70,000
Security premium	-	4,75,000
Loose tools	50,000	-
Investments	2,25,000	-
Profit/loss account (31 st March 2021)	2,58,000	-
Sundry debtors	8,45,000	-
Loan from debtors	-	2,00,000
Provision for doubtful debts	-	20,000
Stores	2,34,000	-
Fixed assets (WDV)	39,00,000	-
Finished goods	65,000	-
General reserve	-	20,50,000
Capital work in progress	2,00,000	-
Share capital	-	13,00,000
Total	63,60,000	63,60,000

Additional information:

- a) Share Capital consist of:
 - i) 3,000 equity shares of ₹ 100 each fully paid up.
 - ii) 10,000, 10% redeemable preference shares of ₹ 100 each fully paid.
- b) Term loans are secured.
- c) Depreciation provided on fixed assets ₹ 5,00,000.
- d) All receivables are considered good for realization.

20 marks

Q.6. Following is the summarized Balance Sheet of Motiram Ltd as on 31st March 2021:

Liabilities	₹	Assets	₹
20,000 equity shares of ₹ 100 each	20,00,000	Goodwill	25,000
12% debentures	5,00,000	Land & building	1,50,000
Outstanding debenture interest	1,20,000	Plant & machinery	3,00,000
Creditors	3,00,000	Furniture	80,000
		Stock	2,70,000
		Debtors	60,000
		Cash at bank	35,000
		Preliminary expenses	20,000
		Profit/loss	19,80,000
	29,20,000		29,20,000

The following scheme of reconstruction is executed:

1. Equity shares are reduced by ₹ 95 per share. They are then consolidated into 10,000 equity shares of ₹ 10 each.
2. Debenture holders agree to forgo outstanding debenture interest. As compensation, 12% debentures are converted into 14% debentures, the amount remaining ₹ 5,00,000.
3. Creditors are given the option to either accept 50% of their claim in cash, in full settlement or to convert their claims into equity shares of ₹ 10 each at par, of this creditors for ₹ 2,00,000 were settled for equity shares and remaining in cash.
4. To make payment to creditors opting for cash payment and to arrange for working capital, the company issued 50,000 equity shares of ₹ 10 each at par, the entire amount being payable along with application. The issue was fully subscribed.
5. Land & building are revalued at ₹ 2,00,000 and plant & machinery to be written down to ₹ 2,10,000. A provision amounting to ₹ 5,000 is to be made for doubtful debts.

Pass journal entries. Prepare capital reduction A/c and a balance sheet after reconstruction. **20 marks**
