

**SARASWAT VIDYALAYA'S**  
**SRIDORA CACULO COLLEGE OF COMMERCE & MANAGEMENT STUDIES**  
**T. Y. B.COM. SIXTH SEMESTER END EXAMINATION, JUNE 2022**  
**W.E.F.-2019-20 (C.B.C.S.)**  
**ACCOUNTING MAJOR V: ADVANCED COMPANY ACCOUNTS (DSE 5)**

**[Duration : 2 Hours]**

**[Total Marks -80]**

- Instructions :**
- 1) Q. No. 1 is compulsory.
  - 2) Answer any three questions from Q. No. 2 to Q. No. 6
  - 3) Each question carries 20 marks
  - 4) Figures to the right indicate maximum marks allotted.
  - 5) All working notes to form part of the answer.

**Q.No.1)** You are given the following balances from the trial balance of VIDHATA CO.LTD , for the year ended 31<sup>st</sup> March 2021 . Prepare profit and loss statement as per schedule III of the companies act 2013.

**(20 marks )**

<b>Particulars</b>	<b>Amount(Rs.)</b>
Gross sales	60,00,000
Sales returns	50,000
Commission received	2,50,000
Rent received	1,00,000
Opening stock of raw materials	5,00,000
Purchases of raw materials	15,00,000
Carriage inward	1,00,000
Closing stock of raw materials	4,00,000
Salaries and wages	6,00,000
Bonus to workers/employees	1,00,000
Interest on debentures paid	50,000
Interest on bank loan paid	1,00,000
Purchases of finished goods	6,00,000
Depreciation on fixed assets	1,50,000
Audit fees	40,000
Legal expenses	30,000
Advertisement and publicity	50,000
Administrative expenses	1,00,000
Selling and distribution expenses	50,000
Carriage outwards	40,000
Sundry expenses	80,000
Travelling and conveyance	20,000
Opening stock of finished goods	1,00,000
Bank charges	80,000
Power and fuel expenses	40,000
Repairs and maintenance	30,000

**Additional information;**

1. Interest on bank loan outstanding amounted to Rs.20,000
2. Commission receivable during the year Rs.10,000
3. Salaries and wages outstanding Rs,40,000.
4. Prepaid advertisement and publicity expenses amounted to Rs.8,000.

**Q .2)** The following is the Balance Sheet of **AMAZON LTD** .as at 31<sup>st</sup> March 2019 **(20 Marks)**

<b>LIABILITIES</b>	<b>AMOUNT(Rs.)</b>	<b>ASSETS</b>	<b>AMOUNT(Rs.)</b>
Share Capital; 1,00,000 Equity shares of Rs.10 each fully paid up	10,00,000	Goodwill	1,20,000
50,000,8% preference shares of Rs. 10 each	5,00,000	Patent rights	80,000
10% Debentures	2,00,000	Land and buildings	10,00,000
Creditors	2,00,000	Long –Term Investments	5,00,000
Secured bank loan	4,00,000	Stock	4,00,000
Other current liabilities	3,00,000	Preliminary expenses	1,00,000
-----	-----	Profit and loss account ( Debit balance)	4,00,000
-----	-----	-----	-----
<b>TOTAL</b>	<b>26,00,000</b>	<b>TOTAL</b>	<b>26,00,000</b>

The following scheme of Reconstruction was finalised ;

- (a) Each existing equity shares will be written down from Rs.10 to Rs.4
- (b) 8% preference shares is to be written down from Rs. 10 to Rs.8 and will be represented by 14% preference shares of Rs 8 fully paid
- (c) 10% debenture holders agree to waive 25 % of their rights .
- (d) Investment value to be reduced by Rs. 20,000.
- (e) Stock to be reduced by 10%.
- (f) Land and building to be revalued at Rs.12,00,000 .
- (g) Creditors due will be settled as follows;
  - 1)20% immediate cash payment
  - 2) 40% amount to be cancelled
  - 3) 40 % paid by issue of 15% debentures .
- (h) All the intangible and fictitious assets to be fully written off.

Pass necessary Journal entries and prepare capital reduction account .

**Q No.3)** The statement of Assets and Liabilities drawn on 31<sup>st</sup> March 2021 disclosed the following particulars of GALAXY INDIA LIMITED . (20 Marks)

LIABILITIES	AMOUNT (Rs.)	Assets	AMOUNT(Rs.)
1000 Equity shares of Rs.100 each fully paid	1,00,000	Land & buildings	84,000
Profit & Loss account	20,000	Plant & machinery	60,000
Debentures	15,000	Furniture & fittings	5,000
Trade creditors	20,000	5% Govt. securities	20,000
Provision for Taxation	9,000	Stock	2,000
Outstanding Expenses	15,000	Debtors	6000
-----	-----	Cash	1000
-----	-----	Cash at bank	1000
<b>Total</b>	<b>1,79,000</b>	<b>Total</b>	<b>1,79,000</b>

The net profit after charging depreciation and taxation were as under;

2014-15-----Rs. 27,000

2015-16-----Rs.18,000

2016-17 ----- Rs.28,000

2017-18 ----- Rs.20,000

2018-19 ----- Rs.19,000

On 31<sup>st</sup> March 2019 the Land & buildings were revalued at Rs.90,000 and Plant & Machinery Rs .70,000 and Furniture and Fittings Rs.4,000 .

10% represents a fair commercial rate of return on investment in the company (NRR)

Assume that the entire profit during the year is withdrawn from business .

Find out the value of goodwill based on ;

1. Five years' purchase of super profits of the company
2. Capitalisation of super profit
3. Capitalisation of future maintainable profit.

**Q.4) (A)** The summary of assets and liabilities of **RELIANCE LIMITED** as on 31<sup>st</sup> March 2019 is as follows:

(10 Marks)

LIABILITIES	Amount (Rs.)	ASSETS	Amount (Rs.)
Share capital ; 1000 preference shares of Rs.100 each fully paid	1,00,000	Goodwill	40,000
2000 Equity Shares of Rs. 100 fully paid	2,00,000	Buildings	1,30,000
8 % Debentures	20,000	Plant & Machinery	80,000
Creditors	10,000	Stock	60,000
General Reserve	50,000	Debtors	30,000
-----	-----	Bills receivables	35,000
-----	-----	Cash	5,000
<b>TOTAL</b>	<b>3,80,000</b>	<b>TOTAL .</b>	<b>3,80,000</b>

The buildings to be revalued at 1,90,000 ; plant and machinery Rs. 60,000 and stock at Rs. 80,000 .  
Compute the intrinsic value of equity share from the above information .

**(B)** Following is the balance sheet of SUPRA Logistic Limited as on 31<sup>st</sup> March 2021

**(10 Marks)**

Liabilities	amount	Assets	Amount
Equity share capital	3,00,000	Land and buildings	6,00,000
Preference share capital	5,00,000	Plant and machinery	5,50,000
General reserve	2,00,000	Furniture	30,000
Capital reserve	3,00,000	Stock	1,00,000
10 % Debentures of Rs.100 each	2,00,000	Debtors	1,70,000
Mortgage Loan	2,00,000	Bills receivable	1,75,000
Creditors	50,000	Cash at bank	25,000
Bills payable	25,000	Preliminary expenses	1,25,000
<b>Total</b>	<b>17,75,000</b>	<b>Total</b>	<b>17,75,000</b>

#### Case 1

VIKINGS LIMITED took over SUPRA logistics limited on the following terms ;

- All assets except cash are taken over at agreed values which are as follows;  
Land and buildings Rs.15,00,000  
Plant and machinery Rs. 8,00,000  
Stock Rs,1,50,000  
Debtors are to be taken over after providing 10% for doubtful debts  
Furniture and bills receivables to be taken over at book values.
- All the liabilities to be taken over at book values .

#### Case 2

Transferee Company (Vikings Limited) to take over all the assets and liabilities (excluding preliminary expenses ) at book values.

Prepare the statement of purchase consideration for both the above cases.

**Q.No.5)** The following is the summary of Balance Sheet of **NEXON LIMITED** as on 31<sup>ST</sup> March 2021

**(20 Marks)**

LIABILITIES	AMOUNT (Rs.)	ASSETS	AMOUNT (Rs.)
25,000 Equity shares of Rs.10 each fully paid	2,50,000	Plant & Machinery	1,20,000
Capital Reserve	20,000	Furniture	50,000
Share premium	20,000	Stock	3,10,000
General reserve	1,19,700	Debtors	1,03,000
Profit and loss account	78,800	Cash in hand	1,700
Sinking fund	10,000	Cash at bank	2,17,000
Creditors	2,04,700	-----	-----

Provision for Tax	98,500	-----	-----
<b>Total</b>	<b>8,01,700</b>	<b>Total</b>	<b>8,01,700</b>

Additional information:

- The company transfers 20% of its profits after tax to general reserve .
- The net profits before taxation of the last 3 years have been as follows;
 

31-3-2019	Rs.1,90,000
31-3-2020	Rs.2,80,000
31-3-2021	Rs.2,00,000
- Rate of taxation is 50% and the normal rate of dividend/return is 10%
- Machinery is valued at Rs.1,80,000 : Furniture to be valued at Rs.80,000
- Goodwill will be valued at Rs.20,000 .

Calculate the following ;

- Intrinsic value of equity share.
- Yield value of equity share.
- Fair value of equity share.

**Q.6) (A)** Following is the Trial balance of GODWIN LIMITED as on 31<sup>st</sup> March 2019.

**(10 Marks)**

Particulars	Debit (Rs.)	Particulars	Credit (Rs.)
Stock at cost	10,00,000	Share capital (Equity shares of Rs. 100 each )	40,00,000
Plant and Machinery	10,00,000	General reserve	1,40,000
Land & building	8,00,000	Loan from SBI (Long Term )	6,00,000
Furniture and fixtures	6,70,000	Provision for taxation	22,000
Sundry debtors	8,00,000	Net profit for the year	5,40,000
Staff advance (short term )	1,70,800	Profit & loss account(opening balance )	2,00,000
Cash in hand	1,20,000	Unsecured loans (long term)	1,00,000
Bank balance	9,88,000	Sundry creditors	2,80,000
Preliminary Expenses (to the extent not written off)	53,200	Unclaimed dividend	10,000
Advance tax	24,000	-----	-----
Bills receivables	1,16,000	-----	-----
Long term Investments (at cost )	1,50,000	-----	-----
<b>Total</b>	<b>58,92,000</b>	<b>Total</b>	<b>58,92,000</b>

Prepare the following schedules from the above balance sheet as on 31<sup>st</sup> march 2021 ;

1. Share capital
2. Reserves and surplus
3. Trade receivables
4. Trade payables
5. Long term borrowings

**(B)** The following is the balance sheet of HINDALCO LIMITED as on 31<sup>st</sup> March 2021 .

**(10 marks)**

LIABILITIES	Amount	ASSETS	Amount
Share Capital	1,64,000	Land and buildings	36,000
General reserve	40,000	Plant	54,000
Creditors	38040	Investments	30,000
		Stock	26,850
		Bank	75,990
		Debtors	19,200
Total	2,42,040	Total	2,42,040

The following were the net profits after tax ;

31<sup>st</sup> March 2015 ----- Rs.32,280

31<sup>st</sup> March 2016-----Rs.36,870

31<sup>st</sup> March 2017 -----Rs.43,350

The standard or normal rate of return on capital employed in such type of business as 10 % and assuming that each year's profit is immediately withdrawn in full .

You are required to value the goodwill by following methods ;

- a) 2 years' purchase of super profits method
- b) Capitalisation of super profit method

-----XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX-----