

GVM's G.G.P.R. COLLEGE OF COMMERCE AND ECONOMICS
FRMAGUDI, PONDA - GOA

INTRA SEMESTER ASSESSMENT TEST - I
B.COM. SEMESTER VI
JANUARY 2014

ADVANCED ACCOUNTING

Major-I

Duration: 30 minutes

Marks: 10

Q.No.1) The following is the Balance sheet of Garuda Limited as on 31st March.

Liabilities	₹	Assets	₹
12,000, 10% Pref. shares of ₹ 100 each	12,00,000	Goodwill	90,000
24,000 Equity shares of ₹ 100 each	24,00,000	Land and Building	12,00,000
10% Debentures	6,00,000	Plant and Machinery	18,00,000
Bank overdraft	6,00,000	Stock	2,60,000
Sundry Creditors	3,00,000	Debtors	2,80,000
		Cash	30,000
		Profit & Loss a/c	14,00,000
		Preliminary expenses	40,000
Total	51,00,000	Total	51,00,000

On the above date, the company adopted the following scheme of reconstruction -

- (a) Equity shares to be reduced to ₹ 40 each fully paid, and Preference shares to be reduced to fully paid shares of ₹ 75 each.
- (b) Debenture Holders took over stock and Debtors in full satisfaction of their claims.
- (c) Land and Building to be appreciated by 30% and Plant and Machinery to be depreciated by 30%.
- (d) Fictitious and intangible assets are to be eliminated. Expenses of Reconstruction amounted to ₹ 5,000.

Give Journal entries incorporating the above scheme of reconstruction and prepare the reconstructed Balance sheet.

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