

Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND
ECONOMICS, PONDA-GOA
B.COM. (SEMESTER – V) EXAMINATION, AUGUST 2020
ACCOUNTING MAJOR I
ADVANCED ACCOUNTING PAPER I
(Old Course)

Duration:- 2 hours

Marks: 30

Instructions: 1) Answer any five sub questions from Q.No.1 carrying 2 marks each.
 2) Answer any four sub questions from Q.No.2 carrying 5 marks each.

Q I) Answer the following (Any Five):

- a) State the reasons for internal reconstruction.
- b) What do you mean by ex interest/ cum interest in redemption of debentures?
- c) What are the circumstances under which goodwill is valued?
- d) State the formula for valuation of goodwill under super profit method.
- e) What are the various methods for valuation of shares?
- f) What do you mean by purchase consideration?
- g) What are the various methods of redemption of debentures?
- h) Explain the meaning of Amalgamation in the nature of merger.

Q II) Answer the following (Any four) :

A. Anand Ltd. and Milind Ltd. agree to amalgamate and form a new company AM Ltd. Summarised Balance Sheet of Anand Ltd. And Milind Ltd. on the date of amalgamation are:

Liabilities	Anand Ltd	Milind Ltd	Assets	Anand Ltd	Milind Ltd
Equity Share of ₹ 100/- each	2,00,000	2,40,000	Plant	60,000	80,000
General Reserve	30,000	37,000	Stock	40,000	40,000
Creditors	28,000	34,000	Debtors	60,000	60,000
Profit & Loss A/c	16,000	20,000	Building	1,00,000	1,20,000
			Cash & Bank Bal.	14,000	31,000
	2,74,000	3,31,000		2,74,000	3,31,000

AM Ltd takes over the assets and liabilities of both the companies at book value except building which is taken over from Anand Ltd. at ₹ 2,00,000 and from Milind Ltd. at ₹ 1,80,000. The total purchase consideration is settled by allotting fully paid equity shares of ₹ 100/- each at par.

Prepare : - 1) Statement of Purchase Consideration.

2) Give opening Journal entries in the books of AM Ltd.

B. The following particulars are available in respect of a company:

- 1) Capital Invested ₹ 50,000
- 2) Trading Results

Year	Profit / (Loss) in ₹
2016-17	12,200
2017-18	15,000
2018-19	(2,000)
2019-20	21,000

3) Normal Rate of return is 10%.

Calculate value of goodwill at 3 years purchase of super profits.

contd...2/-

C. From the following Balance Sheet and additional information calculate intrinsic value of shares.

Liabilities	Amount	Assets	Amount
Equity Share Capital (₹ 10/-)	3,00,000	Goodwill	1,20,000
12% Preference Shares (₹ 10/-)	1,00,000	Leasehold Property	3,50,000
General reserve	80,000	Furniture	60,000
Profit & Loss A/c	70,000	Investments	50,000
Unsecured Loans	1,00,000	Current Assets	75,000
Current Liabilities	30,000	Loans & Advances	15,000
		Misc. Expenses	10,000
	6,80,000		6,80,000

i. All the assets are valued at book value except the following assets as under:

Leasehold Property	4,00,000
Furniture	50,000
Goodwill	2,40,000

D. Pass journal entries in the following cases of internal reconstruction:

- i. Creditors of ₹ 20,000/- are finally settled by cash payment of ₹ 16,000/-
- ii. Creditors of ₹ 1,00,000, 75% of their claim is settled by cash payment of 20% and sacrifice of 80%.
- iii. 1000, 14% of Debentures of ₹ 100 each are settled at 90% by issue of equity shares at par and the balance is settled in cash.
- iv. 8% ₹ 1,00,000 preference shares of ₹ 100 each are converted into ₹ 80,000 preference shares of ₹ 80/- each.

E. The following is the summarised Balance Sheet of Kesari Ltd as on 31/03/2020.

Liabilities	Amount	Assets	Amount
3500 Equity Shares of ₹ 100 each	3,50,000	Building	1,05,000
Profit & Loss A/c	(52500)	Machinery	1,57,500
Trade Payables	1,75,000	Goodwill	63,000
		Inventories	87,500
		Trade Receivables	59,500
	4,72,500		4,72,500

On the above date, the following scheme of internal reconstruction was agreed upon.

- a) A new company to be formed called Veena Ltd. with a authorised capital of ₹ 8,75,000 in shares of ₹ 100 each to take over the assets and liabilities of Kesari Ltd.
- b) 3500 shares of ₹ 100/- each, ₹ 60/- paid up in Veena Ltd to be issued to Shareholders of Kesari Ltd.
- c) Goodwill to be written off fully and Machinery and Stock to be written down by 10% each.
- d) The balance of ₹ 40/- per share to be paid in cash by the shareholders.
- e) Creditors to be satisfied by payment to them of ₹ 70,000 in cash and Debentures to be issued for the remaining balance by Veena Ltd.

Pass necessary journal entries in the books of Veena Ltd.

F. What are the various factors affecting valuation of goodwill?