

Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND
ECONOMICS, PONDA-GOA
B.COM. (SEMESTER – VI) EXAMINATION, AUGUST 2020
ADVANCED COMPANY ACCOUNTS (DSE 5)

Duration:- 2 Hours

Marks: 30

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

Q I) Answer **any Five** from the following :

- a) Under what major heading you will classify the following items in the notes to Balance Sheet of a Company.
 - (i) Unclaimed Dividend
 - (ii) Calls in Arrears
 - (iii) Proposed Dividend
 - (iv) Trade Creditors
- b) State any four items which are included under the following heads of Balance Sheet.
 - (i) Miscellaneous Expenditures
 - (ii) Contingent Liabilities
- c) Give the journal entry for the following:
 - (i) HP Ltd, having 20,000 equity Shares of ₹10/-, each decides to convert the same into equity shares of ₹ 100/- each.
- d) Explain in short, what do you mean by internal reconstruction?
- e) Enlist any three methods of valuation of shares
- f) What do you mean by word “Average Capital Employed”?
- g) Give the formula for valuation of shares under Fair Value Method.
- h) Explain in short ‘requirement for valuation of goodwill’.

Q II) Answer the following – **Any Four** :

A. The following is the extract of Trial Balance as on 31/03/2019.

Particulars	Dr.	Cr.
Profit & Loss Account (Op.Bal)		10,00,000
Advance Tax (F.Y. 2018-19)	1,00,000	
Tax Payable (F.Y. 2017-18)		10,000

Additional Information:

- (1) Net Profit before tax for the year ended 31/03/2019 is ₹ 5,00,000.
- (2) Income Tax Provision to be made for F.Y.2018-19 is ₹ 1,50,000.

You are required to show the relevant items that will appear in statement of Profit & Loss for the year ended 31/03/2019 and Balance Sheet as on that date.

contd...2/-

B. Prepare statement of Profit & Loss for the year ended 31/03/2019 from the following information.

Particulars	₹ in 000's
Interest on Investments	100
Sales	450
Opening Stock of RM	60
Purchase of RM	250
Employee Benefit Expenses	40
Audit Fees	10
Sales Returns	20

Additional Information:

- Interest on investments receivable ₹ 30.
- Closing Stock of Raw Materials ₹ 40.
- Outstanding Audit Fees ₹ 20.

C. Pass the journal entries for following decisions agreed under internal reconstruction.

- Creditors of ₹ 1,00,000 agreed to accept 10% debentures to the extent of 60% of their claim in full settlement.
- 1000, 14% Debentures of ₹ 100/- are settled at 90% by issue of Equity Shares at par and the balance settled in cash.
- 8%, 1000 Preference Shares of ₹ 100/- each are converted into 1,000, 10% Preference Shares of ₹ 80/- each.
- 8% Preference Share holders agreed to forego their claim of ₹ 75,000 on account of Preference Dividend Arrears.
- Issue 1,00,000 Equity Shares of ₹ 10/- each for Working Capital Finance.

D. The Balance Sheet of Boxer Ltd as at 31/03/2019 is as under :

Liabilities		Assets	
8% , 5,000 Preference Shares of ₹ 10/- each	50,000	Goodwill	10,000
10000 Equity Shares of ₹ 10/- each	1,00,000	Fixed Assets	1,80,000
Reserves (Including Provision for taxation ₹10,000)	1,00,000	Investments (Govt. Securities)	20,000
8% Debentures	50,000	Current Assets	1,00,000
Sundry Creditors	25,000	Preliminary Expenses	10,000
		Disc. on Debentures	5,000
	3,25,000		3,25,000

The average profit of the company, after deducting interest on debentures but before tax is ₹ 62,000/- (Rate of tax being 50%).

The Market value of Machinery included in Fixed Assets is ₹ 5,000 more.

Normal Rate of Return is 9%.

Calculate Goodwill at 3 years purchase of Super Profits.

E. The following is the summarised Balance Sheet as on 31/03/2019.

Liabilities	Amount	Assets	Amount
1,00,000 Equity Shares of ₹ 10/- each fully paid	10,00,000	Goodwill	1,00,000
Securities Premium	2,00,000	Machinery	5,00,000
General Reserve	5,00,000	Furniture	4,00,000
Profit & Loss A/c	5,60,000	Investments	1,00,000
Sundry Creditors	8,50,000	Stocks	7,00,000
Provision for Tax	5,00,000	Sundry Debtors	9,00,000
		Cash & Bank Balances	9,06,000
		Preliminary Expenses	4,000
	36,10,000		36,10,000

Additional Information:

1) Machinery is revalued at ₹ 6,00,000.

Calculate value of Equity Shares under Intrinsic Value Method.

F. The Balance Sheet of Agra Ltd. As on 31/03/2019 is as under:

Liabilities	Amount	Assets	Amount
50,000 Equity Shares of ₹10/- each	5,00,000	Plant & Machinery	1,80,000
6,000, 8% Preference Shares of ₹ 100/- each	6,00,000	Investments (MV ₹ 8,00,000)	7,60,000
Sundry Creditors	40,000	Stocks	2,00,000
	11,40,000		11,40,000

The company went into internal reconstruction under following terms:

- Plant & Machinery having book value of ₹ 80,000 is obsolete and is sold as scrap for ₹ 16,000.
- Stock includes items valued at ₹ 48,000/-, which are sold at a loss of 50%.
- Equity Shares shall be reduced to ₹ 3/- each.
- Investments realised at market value.
- Sundry Creditors are issued 10% Debentures of equal amount.

You are required to draft journal entries for the above transactions.

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