

Pg. 1 of 5
Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF
COMMERCE AND ECONOMICS PONDA – GOA
B.COM. CBCS (SEMESTER VI) EXAMINATION, JUNE 2022
ADVANCE COMPANY ACCOUNTS (DSE 5)

Duration: 2 Hours

Marks: 80

NOTE: 1) QUESTION NO. 1 IS COMPULSORY
 2) ATTEMPT ANY THREE QUESTIONS FROM REMAINING

Q.I) following is the extract of Trial Balances of M/s Dixit Ltd. as on 31st March 2022. **(20 Marks)**

Particulars	Amount
Sales	₹2,40,00,000/-
Opening Stock of RM	₹20,00,000/-
Opening stock of FG	₹10,00,000/-
Purchase of Raw Materials	₹54,00,000/-
Purchase Returns	₹4,00,000/-
Sales returns	₹40,00,000/-
Dividend Received	₹10,00,000/-
Sundry Income	₹8,00,000/-
Freight on Raw Materials	₹60,000/-
Salaries and Wages	₹8,00,000/-
Bonus to Employees	₹1,60,000/-
Directors Remuneration	₹16,00,000/-
Depreciation on:-	
a) Plant and Machinery	₹10,00,000/-
b) Furniture and fixtures	₹6,00,000/-
c) Motor vehicles	₹2,00,000/-
Interest on loan from Bank	₹18,00,000/-
Repairs and Maintenance	₹14,00,000/-
Insurance of Office Premises	₹1,60,000/-
Electricity charges	₹60,000/-
Rent, Rates and Taxes	₹80,000/-
Audit fees	₹40,000/-
Advertisement Expenses	₹1,00,000/-
Sundry Expenses	₹2,40,000/-
Sundry Expenses	₹20,000/-

Additional information:

- a) Closing stock of RM ₹10,00,000/- and FG ₹12,00,000/- respectively.
- b) Outstanding salaries and wages ₹1,00,000/-
- c) Sundry income receivable ₹50,000/-
- d) ₹50,000/- to be provided for Bad and Doubtful Debts.
- e) Prepaid advertisement expenses ₹40,000/-
- f) Provision for income tax of ₹4,00,000/- to be made.

Prepare statement of Profit and Loss for the year ended 31/03/2022 as per the provisions of Companies Act 2013.

Q.2) Following is the extract of balances of Modern Pharmacy Ltd. as on 31/03/2022. **(20 Marks)**
Balance sheet as on 31/03/2022

Liabilities	Amount	Assets	Amount
Equity shares of ₹10/- each	₹10,00,000/-	Fixed Assets	₹21,00,000
12% cum.pref.shares of ₹100/- each	₹7,00,000/-	Stocks	₹20,00,000
10% Debentures	₹3,00,000/-	Sundry Debtors	₹15,00,000
Sundry Creditors	₹36,00,000/-	Bank	₹1,10,000/-
Provision for Tax	₹5,00,000/-	Preliminary Expenses	₹40,000/-
		Profits & Loss A/c	₹3,50,000/-
	₹61,00,000/-		₹61,00,000

Preference Dividend for 3 years was in arrears.

Following scheme of reconstruction was approved

- 1) Write off fixed assets by 20%, Sundry Debtors by 15% and reduce the value of stocks to 55% of its book value.
- 2) Preference shareholders to forego arrears of preference dividend.
- 3) Directors to give temporary loan of 5,00,000/- to the company.
- 4) The company settled tax liability to ₹5,40,000/- and spent on expenses of reconstruction of ₹10,000/0.
- 5) Sundry Creditors to give remission of 20% of their claim and the company to allot 11% Preference shares of ₹100/- each fully paid in settlement of balance amount.
- 6) 10% Debentures to be converted into 13% Debentures of ₹1,60,000/- in full settlement of their claim.
- 7) Equity shares to be reduced to ₹2/- each fully paid up and 12% cumulative Preference shares to be reduced to ₹1,00,000/- cumulative preference shares of ₹2/- each fully paid.
- 8) Write of Debit balance in Profit and Loss Account and preliminary expenses.

Draft journal entries and prepare capital reduction Account of the company.

Q.3) The assets and liabilities of Hindustan Ltd. as on 31/03/2022 were as follows: (20 Marks)

Liabilities	Amount	Assets	Amount
10,000 shares of ₹10/- each fully paid	₹1,00,000/-	Land & Building	₹84,000/-
Profit & Loss A/c	₹20,000/-	Plant & Machinery	₹60,000/-
Debentures	₹15,000/-	Furniture & fittings	₹5,000/-
Trade Creditors	₹20,000/-	5% (Tax free) Government Bonds	₹20,000/-
Provision for Tax	₹9,000/-	Stocks	₹2,000/-
Dividend	₹15,000/-	Book Debts	₹6,000/-
		Cash at Bank	₹2,000/-
	₹1,79,000/-		₹1,79,000/-

The net profits of the company, after changing depreciation but before taxes were as follows:

Year ended:

31/03/2018	₹34,000/-
31/03/2019	₹38,000/-
31/03/2020	₹36,000/-
31/03/2021	₹40,000/-
31/03/2022	₹38,000/-

On 31/03/2022, Land and Building was valued at ₹95,000/-, Plant and Machinery at ₹71,000/- and Furniture and fittings at ₹4,000/-.

10% represents a fair commercial rate of return on investment in the company.

Find our value of goodwill basing it at five years purchase of the average super profits for the last five years.

Q.4) Following is the extract of Balance sheet of super Co. Ltd. as on 31/03/2022. (20 Marks)

Liabilities	Amount	Assets	Amount
Share capital	₹	Lan Building (At cost)	₹30,000/-
3000, sy.Pref.shares of ₹10/ fully paid	₹30,000/-	Plant and Machinery (at cost Loss Depreciation)	₹50,000/-
9000, equity shares of ₹10/- fully paid	₹90,000/-	Furniture and Fixtures (At cost loss depreciation)	₹10,000/-
Reserves	₹30,000/-	10% Investments (At cost)	₹12,000/-
Profit & Loss A/c	₹12,000/-	(Nominal value ₹10,000/- ; Market value ₹14,000/-)	
6% Debentures	₹20,000/-	Debtors (all good)	₹39,000/-
Creditors	₹15,000/-	Stocks	₹46,000/-
		Cash in Hand	₹5,000/-
		Preliminary Expenses	₹5,000/-
	₹1,97,000/-		₹1,97,000/-

Find out the fair value of equity shares after considering the following information.

- 1) Average annual profits (before taxation) ₹52,500.
- 2) Rate of income tax is 30%.
- 3) ₹5000/- is transferred to General Reserve, each year.
- 4) Normal rate of return is 9% on capital employed.
- 5) Good will is to be valued at 4 years purchase of super profits.
- 6) All assets are worth book values, subject to following changes Land and Building is valued at ₹35,000/- and investments as given in the Balance sheet.

Q.5) The summarised Balance sheet of Sai Ltd. as on 31/03/2022 is as under: (20 Marks)

Balance sheet as on 31/03/2022:

Liabilities:		
Share Capital		₹4,40,000/-
Reserves and Surplus		₹1,21,000/-
Non-current liabilities:		
Bank Loans		₹1,80,000/-
Debentures		₹1,00,000/-
Current liabilities:		
Trade creditors		₹88,000/-
Others		₹55,000/-
	Total ₹ =	₹9,84,000/-

