

Total No. of Printed Pages: 05

Bachelor of Commerce (Semester- VI)
Accounting Major V - Advanced Company Accounts

[Time: 2 Hours]

[Max. Marks: 80]

- Instructions:** 1) Question 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 the maximum marks allotted.
 5) All **working notes** to form the part of the answer.

Q1 Aakash Ltd. provides extract of the Trial Balance as at 31st March 2023:

(20 Marks)

Particulars	Debit (Rs)	Credit (Rs)
Cash in Hand	39,000	
Cash at Bank	68,600	
Share Capital		18,40,000
Debentures		6,00,000
Bank Overdraft (SBI)		4,00,000
Investment (Long term)	20,000	
Bills Receivable	2,80,000	
Trade Debtors	11,00,000	
Security Deposit (Long-term)	8,000	
Trade Creditors		4,80,000
P & L A/C (Surplus)		5,80,000
Securities Premium		1,80,000
Interest on Debentures (Accrued)		13,500
Goodwill	1,30,000	
Land & Building (Cost Rs. 5,00,000)	3,80,000	
Plant & Machinery (Cost Rs. 10,00,000)	6,00,000	
Furniture (Cost Rs. 1,60,000)	90,000	
Provision for Taxation		2,41,000
Advance Tax	2,00,000	
Bills Payable		60,000
Genera Reserve		2,00,000
Stock in Trade	16,98,900	
Capital Reserve		20,000
	46,14,500	46,14,500

Additional Information;

- The Authorized Share Capital of the company was Rs. 60,00,000 divided into 6,00,000 Equity Shares of Rs. 10 each.
 - Out of Trade Debtors Rs. 1,80,000 considered as due for more than six months.
 - Investments represent 5,000 equity shares in Rati Ltd. of Rs 10 each, Rs. 4 per share called and paid up.
 - Bills receivable discounted with the bank, not matured till the Balance Sheet date, amounted to Rs. 15,000.
- Prepare Balance Sheet of Aakash Ltd. as at 31st March 2023 as per the provisions of the Companies Act, 2013.

Q2 Following is the statement of assets and liabilities of Reny Ltd. as on 31st March 2023: **(20 Marks)**

Liabilities	Rs.	Assets	Rs.
40,000 Equity Shares of Rs. 10 each	4,00,000	Goodwill	1,80,000
5,000 6% Preference Shares of Rs. 100 each	5,00,000	Building	2,15,000
Capital Reserve	25,000	Plant and Machinery	2,55,000
5% Debentures of Rs. 100 each	2,00,000	Furniture	60,000
Accrued interest on Debentures	30,000	Stock	90,000
Sundry Creditors	1,55,000	Debtors	75,000
		Profit and Loss A/c	4,20,000
		Cash at Bank	15,000
	13,10,000		13,10,000

It was decided to reconstruct the company for which the following scheme was approved by the court:

- Intangible and Fictitious Assets are to be written off completely.
 - 6% Preference Shares shall be converted into 7% Preference Shares of Rs. 50 each. The number of shares being the same.
 - Equity Shares shall be reduced to Rs. 3 each.
 - 5% Debentures shall be converted into equal number of 6% Debentures of Rs. 75 each
 - Debenture holders agreed to waive 50% of the accrued interest.
 - Sundry Creditors agreed to waive 30% of their claim and to accept Equity Shares for the remaining amount in full settlement of their claim.
 - Assets were revalued as: Building Rs. 2,50,000, Plant and Machinery Rs. 2,25,000, Furniture Rs. 55,000, Stock Rs. 80,000 and Debtors Rs. 70,000.
- Pass Journal Entries and prepare Capital Reduction Account.

- Q3** Ascertain the value of Goodwill of Rajesh Ltd. by a) Capitalization of future maintainable profit b) Capitalization of super profits and c) 3 years purchase of super profit, from the following particulars: **(20 Marks)**

Statement of Assets and Liabilities of Rajesh Ltd. as on 31st March, 2023:

Liabilities	Rs.	Assets	Rs.
3,750 Equity Shares of Rs. 100 each	3,75,000	Goodwill	52,500
Profit and Loss A/c	90,000	Land and Buildings	1,50,000
Sundry Creditors	1,35,000	Plant and Machinery	1,40,000
Provision for Taxation	90,000	Stock	2,40,000
Bank Overdraft	30,000	Sundry Debtors	1,27,500
		Bank	10,000
	7,20,000		7,20,000

The profit earned by the company before providing for taxation for the last five years are:

Year	Profit (Rs.)
2018–19	93,000
2019–20	97,500
2020–21	1,05,000
2021–22	1,25,000
2022–23	1,52,500

Income tax at 40% Payable on these profits

Normal rate of return expected on capital employed in similar business is at 15%. Assume that current year's profit is not withdrawn from the business while calculating Average capital employed.

- Q4** Following is the summary of assets and liabilities of Azad Ltd. as on 31st March 2023: **(20 Marks)**

Liabilities	Rs.	Assets	Rs.
25,000 Equity Shares of Rs. 10 each	2,50,000	Machinery	1,20,000
General Reserve	1,69,700	Furniture	50,000
Profit and Loss A/c	78,800	Stock	3,10,000
Creditors	2,04,700	Debtors	1,03,000
Provision for taxation	98,500	Cash at Bank	2,18,700
	8,01,700		8,01,700

The company transfers every year 20% of its profits after tax to the general reserve. The net profit before taxation for the last 3 years is as under:

Year	Profit (Rs.)
2020-21	1,67,500
2021-22	1,83,000
2022-23	1,97,000

Machinery valued at Rs. 1,40,000 and Goodwill at Rs. 20,000 on 31st March 2023.

The rate of taxation is 50%. The expected rate of return is 10%.

Calculate the value of Equity Share of the company under a) Intrinsic Value Method, b) Yield Value Method and c) Fair Value.

Q5 The Assets and Liabilities of XYZ Ltd. as on 31st March 2023 are as follows: **(20 Marks)**

Liabilities	XYZ Ltd. (Rs.)	Assets	XYZ Ltd. (Rs.)
Equity Shares of Rs. 10 each	3,00,000	Land & Building	3,50,000
General Reserve	1,45,000	Furniture	80,000
P & L A/c	75,000	Stock	40,000
Capital Reserve	60,000	Sundry Receivables	1,10,000
Sundry Payable	90,000	Cash Balance	90,000
	6,70,000		6,70,000

ABC Ltd. takes over the business of XYZ Ltd. including cash balance on 31st March 2023 on the following terms and conditions:

- 1) All the assets and liabilities are taken over at book value except land and building and furniture which were revalued at Rs 3,00, 00 and Rs. 1,30,000 respectively.
- 2) Purchase consideration is settled by issuing 60,000 equity shares in ABC Ltd. of Rs. 10 each at Rs. 15 each to the equity shareholders of XYZ Ltd. and Rs. 3,00,000 of purchase consideration is paid in cash.

Compute purchase consideration and prepare following ledger accounts in the books of XYZ Ltd.

- 1) Realization Account
- 2) Equity Shareholders Account
- 3) ABC Ltd. Account
- 4) Equity Shares in ABC Ltd. Account
- 5) Cash Account

- Q6** G Ltd. and A Ltd. agreed to amalgamate and form a new company R Ltd. to take (20 Marks) over the assets and liabilities of both the companies. Following is the statement of assets and liabilities of G Ltd. and A Ltd. as on 31st March 2023:

Liabilities	G Ltd. (Rs.)	A Ltd. (Rs.)	Assets	G Ltd. (Rs.)	A Ltd. (Rs.)
Equity Shares of Rs. 10 each	4,00,000	5,00,000	Plant & Machinery	8,00,000	8,00,000
6% Pref. Shares of Rs. 100 each	--	3,00,000	Stock	65,000	60,000
Profit & Loss A/c	5,00,000	--	Debtors	95,000	50,000
Statutory Reserve	50,000	--	Profit & Loss a/c	--	1,40,000
9% Debentures of Rs. 100 each	---	2,00,000	Bank	65,000	40,000
Creditors	75,000	90,000			
	10,25,000	10,90,000		10,25,000	10,90,000

The following were terms and conditions of amalgamation;

G Ltd.

- Assets and Liabilities are to be taken over at book value
- For every 4 Equity Shares in G Ltd., 5 Equity Shares of Rs.10 each in R Ltd. shall be issued at a premium of 10%.

A Ltd.

- Plant and Machinery and Stock shall be appreciated by 10%
- 9% Debenture holders would be discharged at par by issue of an equal number of 10% Debentures of Rs. 100 each at par in R Ltd.
- Preference shareholders of A Ltd. would get 4, 7% preference shares of R Ltd. of Rs. 100 each for every 5 shares held by them in A Ltd.
- Balance of purchase consideration would be discharged by issue of Equity Shares of Rs. 10 each. Calculate Purchase consideration and Pass Journal Entries in the books of R Ltd.