

Integ LLB Sem.-5 Examination

IL BCom 301

Company Accounting-I

May 2022

Time : 2-00 Hours]

[Max. Marks : 60

Instruction: Write Any Three Question.

Each question considers 20 marks.

Q.1 The balance sheet of Nitesh ltd. as on 31-3-2020 was as follow:

Particulars	Note	Rs.
I. EQUITY AND LIABILITIES:		
(1) Shareholder's Funds:		
(a) share capital:		
4,00,000 equity shares of Rs.10 each		40,00,000
10,000 10% Pref. Shares capital		10,00,000
(b) Reserves and surplus:		
Profit and loss account:		
Balance of 2018-19	8,00,000	
Profit for 2019-20	43,00,000	
		51,00,000
General reserve		15,00,000
(2) Non-current liabilities:		
(a) long term provisions:		
Depreciation fund:		
Building	2,00,000	
Investments	3,50,000	
		5,50,000
(3) current liabilities:		
(a) trade payables: creditors		3,50,000
Total		1,25,00,000
II. ASSETS:		
(1) Non – current assets:		
(a) fixed assets:		
(i) Tangible assets:		
Land and building		13,00,000
Furniture at cost		1,00,000
(b) other non-current investments:		
5% govt. securities (face value Rs.40,00,000)		38,00,000
(c) other non-current assets:		
Preliminary expenses		50,000

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(2) current assets:		
(a) inventories: stock		45,00,000
(b) trade receivables:		
Debtors	25,00,000	
-B.D.R.	2,00,000	23,00,000
Bills receivables		1,00,000
(C) cash and cash equivalents: bank balance		3,50,000
		1,25,00,000
Total		

1. The building is now worth Rs.22,50,000.
2. companies doing similar business show a profit earning capacity of 20% on market value of their shares.
3. The profit for the last three years has shown increase of Rs.3,00,000 annually.
4. Profit for the year 2019-20 shown above is before tax, assume tax at 50%.
5. For computation of average profit, weights to be used are 1,2 & 3 respectively.

From the above information, calculate value of goodwill on the basis of three year's purchase of super profit.

Q.2 The balance sheet of Dev ltd. as on 31-3-2020 was as follow:

Particulars	Note	Rs.
I. EQUITY AND LIABILITIES:		
(1) Shareholder's Funds:		
(a) share capital:		
equity shares capital Rs.10 each fully paid		1,25,000
10% Pref. Shares capital		2,50,000
(b) Reserves and surplus:		
General reserve		3,75,000
(2) Non-current liabilities:		
(a) long term borrowings: 10% debentures		5,00,000
(a) long term provisions:		
Provident fund		60,000
Depreciation fund:		
Land & building	75,000	
Machinery	50,000	1,25,000
(3) current liabilities:		
(a) Trade payables:		
Creditors		77,500

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Bills payable	80,000
(b) short term provisions: Taxation provision	32,500
Total	16,25,000
II. ASSETS:	
(1) Non – current assets:	
(a) fixed assets:	
(i) Tangible assets:	
Land and building	7,50,000
Machineries	4,75,000
(b) other non-current assets:	
Investments of provident fund	62,500
(2) current assets:	
(a) inventories: stock	1,25,000
(b) trade receivables:	
Debtors	1,50,000
Bills receivable	50,000
(c) cash and cash equivalents: cash balance	12,500
	16,25,000

Other information:

1. book value of land and building is 150% of market price.
2. Value of machinery is to be increased to Rs.5,00,000.
3. Debtors include Rs.12,500 being bad debts.
4. Market price of 50% stock is 20% more and remaining stock required repairing of Rs.12,500.
5. It is expected that Rs.50,000 is payable for worker's compensation.
6. Goodwill estimated at Rs.6,62,500.
7. Expected rate of return is 15%.
8. Net profit after tax is Rs. 1,87,500, out of which Rs.25,000 is to be transferred to general reserve.

From the above information, calculate fair value of an equity share of company.

Q.3 What is goodwill? Explain factor affecting goodwill & methods of calculating goodwill.

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Q.4 The balance sheet of Radha Ltd. As on 31-06-2021 was as under.

Balance sheet

Liabilities	Rs.	Assets	Rs.
Share capital :		goodwill	50,000
Authorised: 8000 equity shares of Rs.100/-	8,00,000	land & buildings	4,20,00
Paid up: 6,000 Equity shares of Rs.100 each fully paid	6,00,000	machinery	3,30,000
Profit & loss a/c	6,000	furniture	6000
8% debentures	1,00,000	stock	3,40,000
Outstanding interest on debenture	8,000	debtors	50,000
Provident fund	6,000	cash balance	24,000
Creditors	4,73,000		
Two month's salary of three clerks	27,000		
	12,20,000		12,20,000

1) Debenture holders were paid on 31st December,2021.

2) Assets sold by liquidator realised as follow:

Land & Building	Rs.3,00,000
Stock	Rs.3,10,000
Machinery	Rs.3,42,000
Debtors	Rs. 46,000
Furniture	Rs.8000

3) Expenses of liquidation were:

Liquidator's remuneration at 2% on the amount realised by him and 4% on amount paid to preferential creditors and 10% on amount distribution to the equity shareholders.

4) liquidation expenses Rs. 2000.

Prepare the liquidator's account.

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Q.5 the balance sheet of Gebi Ltd. and Jagnath Ltd. as on 31-3-2021 were as under.

Gebi Ltd.

Liabilities	Rs.	Assets	Rs.
Share Capital: 60,000 Equity Shares of Rs. 10 each	6,00,000	Building plants	2,32,000 1,28,000
8% Debenture creditors	1,00,000	Stock	1,80,000
Bills payable	1,20,000	Sundry Debtors 1,12,000	
	30,000	-Bad Debts Reserve 5600	1,06,400
		Profit & loss A/c	2,03,600
	8,50,000		8,50,000

Jagnath Ltd.

Liabilities	Rs.	Assets	Rs.
Share Capital: 1,60,000 Equity Shares of Rs. 10 each	16,00,000	Goodwill	1,20,000
Profit & loss a/c	60,000	Building	4,80,000
General reserve	1,60,000	Plant	3,60,000
7% Debentures	4,00,000	Stock	6,40,000
Sundry Creditors	80,000	Debtors	3,20,000
Bills payable	20,000	Bills receivables	2,40,000
		Bank balance	1,60,000
	23,20,000		23,20,000

The two companies decided to amalgamate as on 1st April, 2018 and a new company called mahdev Ltd. Was formed with an authorized capital of Rs.40,00,000 in shares of Rs. 10 each.

New company took over all the assets and liabilities of gebi ltd. And Jagnath ltd. All their book values and following terms for purchase of business were agreed upon:

Jebi Ltd.:

- 1) The consideration was 4 shares of Rs.10 each fully paid in the new company in exchange of every 5 shares in gebi Ltd.

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- 2) The debenture holder of Ajay Ltd. Were to be allotted such Debentures in the new company bearing interest at 10% as would bring them the same amount of interest.
- 3) Rs.6000 to be paid in cash.

Jay Ltd.:

- 1) The consideration was 6 shares of Rs.10 each fully paid in the new company in exchange of every 5 shares in Jay Ltd.
- 2) The debenture holder of Jay Ltd. Were to be allotted such Debentures in the new company bearing interest at 10% as would bring them the same amount of interest.
- 3) Rs.10 in cash for every 5 shares in jay ltd.

Costs of Liquidation of gebi Ltd. Rs.4000 and Rs.6000 for Jagnath Ltd. Are to be paid by the new co.

mahdev ltd. Issue remaining shares in to public at a premium of Rs.2 per share , which were fully paid.

You are required to write journal entries in the books of new company, and prepare its initial Balance sheet.

Q.6 Explain As-14. Write difference between pooling of interest method and purchase method.

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