

Integ. LLB Semester-5 Examination

IL B.Com.-301

Company Accounting

March-2024

Time : 2-30 Hours]

[Max. Marks : 70

Q.1 The following is the balance sheet of Suman Ltd. as on 31-03-2023. (18)

Particulars	Note	Rs.
I. Equity and Liabilities :		
(1) Shareholder's Funds :		
(a) Share Capital :		
Equity Shares of Rs. 10 each fully paid		40,00,000
10% Pref. Shares of Rs. 100 each fully paid		10,00,000
(b) Reserves and surplus : General Reserve		15,00,000
Profit and loss A/c 2021-22 8,00,000		
Profit and loss A/c 2022-23 <u>43,00,000</u>		51,00,000
(2) Non – Current Liabilities :		
(a) Long Term Provisions :		
Depreciation Fund :		
Building : 2,00,000		
Investments : <u>3,50,000</u>		5,50,000
(3) Current Liabilities :		
(a) Trade Payables :		
Creditors		3,50,000
Total		
II. Assets :		
(1) Non - Current Assets :		1,25,00,000
(a) Fixed Assets		
(i) Tangible Assets :		
Land and Building		
furniture		
(b) Non – current Investments :		
5% Govt. Securities (Face Value Rs. 40,00,000)		13,00,000
(c) Other Non – Current Assets :		1,00,000
Preliminary Expenses		38,00,000
(2) Current Assets :		
(a) Inventories : Stock		50,000
(b) Trade Receivables :		
Debtors 25,00,000		
- B.D.R <u>2,00,000</u>		45,00,000
Bills receivable		
(c) Cash and Cash Equivalents : Balance at Bank		23,00,000
Total		1,00,000
		3,50,000
		1,25,00,000

Additional Information :

- I. Market value of Building is Rs.22,50,000.
- II. Companies doing similar business show a profit earning capacity of 20% on market value of their shares.
- III. Profit for 2022-23 shown in the balance sheet is before tax. Assume tax at 50%.
- IV. The profit for the last 3 years have shown decrease of Rs. 3,00,000 annually.
- V. For computation of average profit weights to be used are 1,2,3.

You are required to compute the value of goodwill of the company at three years purchase of its super profit method.

OR

Q.1 (a) The following is the balance sheet of Vyom Ltd. as on 31-03-2023. (10)

Particulars	Note	Rs.
I. Equity and Liabilities :		
(1) Shareholder's Funds :		
(a) Share Capital :		
Equity Shares of Rs. 100 each fully paid		14,00,000
12% Pref. Shares of Rs. 100 each fully paid		6,00,000
(b) Reserves and surplus :		
General Reserve		3,00,000
Profit and loss A/c		5,00,000
Workmen accident compensation fund		1,00,000
(2) Non – Current Liabilities :		
(a) Long Term Borrowings : 14% Debentures		7,00,000
(3) Current Liabilities :		
(a) Trade Payables :		
Creditors		4,00,000
Bills Payable		1,00,000
Total		41,00,000
II. Assets :		
(1) Non - Current Assets :		
(a) Fixed Assets		
(i) Tangible Assets :		
Land and Building		7,50,000
Plant and Machinery		16,00,000
(ii) Intangible Assets : Goodwill		5,00,000
(b) Non – current Investments :		
10% Govt. securities (Face value of Rs. 3,00,000)		2,88,000
Shares of subsidiary company		2,80,000
(c) Other Non – Current Assets : Debenture discount		14,000

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(2) Current Assets :		2,50,000
(a) Inventories : Stock		
(b) Trade Receivables : Debtors	3,60,000	3,42,000
- B.D.R.	<u>18,000</u>	46,000
Bills Receivables		30,000
(c) Cash and Cash Equivalents : Balance at Bank		
Total		41,00,000

Additional Information :

- (1) The market value of building is Rs. 12,00,000 and the market value of Plant and machinery is 20% less than its book value.
- (2) It is decided to reduce the value of stock by Rs. 50,000.
- (3) The expected rate of return on capital is 12%.
- (4) The average annual profit of the company after 50% tax for the last three years is Rs. 3,90,000.

Calculate the value of goodwill of the company on the basis of three years purchase of its super profit method.

Q.1 (b) Explain the different methods of valuation of Goodwill. (8)

Q.2 The following is the balance sheet of Mahek Ltd. as on 31-03-2023. (18)

Particulars	Note	Rs.
I. Equity and Liabilities :		
(1) Shareholder's Funds :		
(a) Share Capital :		
Equity Shares of Rs. 10 each, Rs. 8 per share Paid up		40,00,000
10% Pref. Shares of Rs. 10 each fully paid		25,00,000
(b) Reserves and surplus : General Reserve		30,00,000
(2) Non – Current Liabilities :		
(a) Long Term Borrowings : 12% Debentures		25,00,000
(3) Current Liabilities :		
(a) Trade Payables : Creditors		20,00,000
Total		1,40,00,000
II. Assets :		

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(1) Non - Current Assets :		
(a) Fixed Assets		
(i) Tangible Assets :		25,00,000
Land and Building		7,50,000
Furniture		60,00,000
Plant and Machinery		
(b) Other Non – Current Assets :		5,00,000
Preliminary Expenses		
(2) Current Assets :		20,00,000
(a) Inventories : Stock		
(b) Trade Receivables :		10,00,000
Debtors		5,00,000
Bills Receivables		
(c) Cash and Cash Equivalents : Balance at Bank		7,50,000
Total		1,40,00,000

Additional Information :

- (1) The present value of the Fixed assets of the company is to be taken as double.
- (2) Goodwill is to be valued at Rs. 29,25,000.
- (3) Average profits of last three years after deducting tax at 50% is Rs. 30,00,000.
- (4) For the last three years, the company has been transferring 25% of the profit after taxes every year to its General Reserve Account.
- (5) The expected rate of return in the company's line of business is 10%.

From the above information, find out the fair value of the equity shares of the company.

OR

Q.2 (a) Explain the Factor affecting the Valuation of Shares. (10)

Q.2 (b) Explain the Methods for calculation of value of share. (8)

Q.3 The following is the balance sheet of Leela Ltd. as on 31-03-2020. (18)

Particulars	Note	Rs.
I. Equity and Liabilities :		
(1) Shareholder's Funds :		
(a) Share Capital :		
86,400 Equity Shares of Rs. 100 each		86,40,000
(2) Non – Current Liabilities :		
(a) Long Term Borrowings : 12% Debentures		
Loan secured by charge on Investments		14,40,000
(b) Long Term Provisions :		
Provident fund		7,20,000
(3) Current Liabilities :		
		2,59,200

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(a) Trade Payables : Creditors	20,16,000
(b) Other current liabilities : Outstanding interest on debentures	1,72,800
Outstanding salary of clerk of last 4 months	72,000
Income tax and local tax	
2021-22 : 72,000	
2022-23 : <u>4,32,000</u>	5,04,000
Total	1,38,24,000
II. Assets :	
(1) Non - Current Assets :	
(a) Fixed Assets	
(i) Tangible Assets :	
Land and Building	50,40,000
Plant and Machinery	22,32,000
(ii) Intangible Assets : Goodwill	9,36,000
(b) Non – current Investments :	10,08,000
(c) Other Non – Current Assets :	
Preliminary Expenses	1,85,760
Profit and loss account	21,31,200
(2) Current Assets :	
(a) Inventories : Stock	10,80,000
(b) Trade Receivables : Debtors	10,36,800
(c) Cash and Cash Equivalents : Balance at Bank	1,74,240
Total	1,38,24,000

Additional Information :

- 1) Creditors of the loan have sold the investments for Rs. 10,80,000 and the additional amount was returned to the liquidator.
- 2) Assets sold by liquidator realised as follow:

Land & Building	Rs. 60,48,000
Stock	Rs. 7,92,000
Machinery	Rs. 15,84,000
Debtors	Rs. 6,48,000
- 3) Liquidator's remuneration at 2% on the amount realised by him and 2% on amount distributed to shareholders. liquidation expenses Rs. 1,44,000.
- 4) Debenture holders were paid off on 31-6-2023.

You are required to prepare liquidator's Final statement of Receipts and Payments.

OR

Q.3 (a) Write Liquidator's Final statement of Receipts and Payments. (10)

Q.3 (b) What is preferential creditors? Explain with example. (8)

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Q.4 (a) Shreyanshi Ltd. and Devanshi Ltd. were amalgamated on 01-04-23. For which was Shreyanshi Ltd take over the business of the Devanshi Ltd, . The balance sheet of Shreyanshi Ltd and Devanshi Ltd as on 31-03-23 are as under.
(10)

Particulars	Note	Shreyanshi Ltd	Devanshi Ltd
I. Equity and Liabilities :			
(1) Shareholder's Funds :			
(a) Share Capital :			
Equity Shares of Rs. 10 each fully paid up		6,00,000	3,60,000
11% Pref. shares of Rs. 100 each fully paid up		2,64,000	
(b) Reserve and surplus :			2,04,000
Export profit Reserve			
General Reserve		36,000	
Investment Allowance Reserve		60,000	24,000
Profit and loss A/c		-	30,000
(2) Non – Current Liabilities :		90,000	12,000
(a) Long Term Borrowings :			60,000
14% Debentures			
(3) Current Liabilities :		60,000	
(a) Trade Payables :			42,000
Creditors			
Bills Payable		54,000	
Total		24,000	42,000
II. Assets :			18,000
(1) Non - Current Assets :		11,88,000	7,92,000
(a) Fixed Assets			
(b) Non – current Investments :			
(2) Current Assets :		7,59,000	4,32,000
(a) Inventories : Stock		84,000	60,000
(b) Trade Receivables :			
Debtors		1,35,000	1,44,000
(c) Cash and Cash Equivalents :			
Balance at Bank		1,50,000	1,14,000
Total		60,000	42,000
		11,88,000	7,92,000

Additional Information :

Shreyanshi Ltd took over the business of Devanshi Ltd on 1st April 2023, Shreyanshi Ltd paid the purchase price as follows:

(1) 42000 Equity shares of Rs.10 each fully paid to equity shareholders of Devanshi Ltd.

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(2) 14% Pref. shares of Rs. 100 each to make payment to preference shareholders of Devanshi Ltd at a premium of 10%.

(3) Debentures of Devanshi Ltd were converted into equal number of debentures of Shreyanshi Ltd.

(4) Statutory reserve is to be maintained for two more years.

You are required to prepare the balance sheet of Shreyanshi Ltd as on 1-4-23 after the amalgamation has been carried out on the basis of following assumption:

(1) Amalgamation is in the nature of merger.

OR

(2) Amalgamation is in the nature of purchase.

OR

Q.4 (a) Difference between Polling of Interest Method and Purchase Method (10)

Q.4 (b) MCQ (6)

(1) Shares received from the new company are recorded at

- A. Face value
- B. Average price
- C. Market value
- D. None of the above

(2) The Amalgamation adjustment account appears in the books, it is shown under the heading of ____ in the balance sheet.

- A. Reserve and surplus
- B. Non-current assets
- C. Non-current Investment
- D. Current assets

(3) If the intrinsic values of shares exchanged are not equal , the difference is paid in

- A. cash
- B. Debentures
- C. Pref. shares
- D. Assets

(4) In the amalgamation of two companies

- A. Both companies lose their existence

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- B. Both companies continue
 - C. Any one company continues
- (5) Net assets minus capital reserve is
- A. Goodwill
 - B. Total assets
 - C. Purchase consideration
 - D. None of these
- (6) From the following who can not file the application for winding up the company?
- A. Company itself
 - B. Creditors
 - C. Stakeholders
 - D. Debtors

—X—