

## ILLB Sem.-5 Examination

## ILBCom-301

## Advance Accounting-II/

Time : 2-30 Hours]

April-2025

[Max. Marks : 70

Q.1 The following Balance Sheet of Jain Ltd. As on 31-03-2022:

[18M]

Particulars	Note	Rs.
<b>I. Equity and Liabilities :</b>		
<b>(1) Shareholder's Funds :</b>		
(a) Share Capital :		
Equity Shares of Rs. 10 each fully paid		3,70,000
10% Pref. Shares of Rs. 100 each fully paid		1,85,000
(b) Reserves and surplus :		
General Reserve		55,500
Profit and loss A/c (Profit of 2019, after 50% tax)		1,11,000
<b>(2) Non – Current Liabilities :</b>		
(a) Long Term Borrowings : 10% Debentures		1,85,000
(b) Long Term Provisions :		
Provident fund		55,500
<b>(3) Current Liabilities :</b>		
(a) Trade Payables :		
Creditors		74,000
Bills Payables		2,59,000
Total		<b>12,95,000</b>
<b>II. Assets :</b>		
<b>(1) Non - Current Assets :</b>		
(a) Fixed Assets		
(i) Tangible Assets :		
Land and Building		1,29,500
Plant and Machinery		1,85,000
(ii) Intangible Assets : Goodwill		55,500
(b) Non – current Investments :		
10% Provident fund Investment		
(Face Value Rs. 1,48,000)		1,11,000
Parth Ltd's 12% Debentures		74,000
(Face value Rs. 92,500)		
<b>(2) Current Assets :</b>		
(a) Inventories : Stock		1,48,000
(b) Trade Receivables :		
Debtors		1,66,500
(c) Cash and Cash Equivalents : Balance at Bank		1,38,750
(d) Other current liabilities : Prepaid expense		2,86,750
Total		<b>12,95,000</b>

(P.T.C)

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**Additional Information :**

- (1) Market value of Land and Building was 50% more than the book value, While the book value of Plant and Machinery is 25% more than the market value.
- (2) Expected rate of return is 8%.
- (3) The Profit of the company, before tax (at 50%) was increased by Rs. 27,750 each year, during last 3 years.

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) Calculate total assets of the company from the following details:

[04M]

Goodwill at 5 years purchase of Super Profit	Rs. 75,000
Average Annual Profit	Rs. 90,000
External Liabilities	Rs. 2,00,000
Preference Share Capital	Rs. 1,00,000
Expected Rate of Return	15%

Q. 1 (B) Calculate the value of Goodwill by Capitalization of Super Profit Method:

[04M]

Total Assets	Rs. 28,00,000
External Liabilities	Rs. 8,00,000
Average Annual Profit	Rs. 3,00,000
Expected Rate of Return	8%

Q.1 (C) Explain Factors affecting the valuation of Goodwill.

[10M]

Q. 2. Following is the balance sheet of Shrimati Ltd. As on 31-03-23:

[18M]

Particulars	Note	Rs.
<b>I. Equity and Liabilities :</b>		
<b>(1) Shareholder's Funds :</b>		
(a) Share Capital :		
10,000 Equity Shares of Rs. 100 each fully paid		10,00,000
12% Pref. Share Capital		2,00,000
(b) Reserves and surplus :		
Profit and loss A/c		1,00,000
<b>(2) Non – Current Liabilities :</b>		
(a) Long Term Provisions :		
Provident fund		50,000
<b>(3) Current Liabilities :</b>		
(a) Trade Payables :		

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Creditors		2,00,000
	Total	<u>15,50,000</u>
<b>II. Assets :</b>		
<b>(1) Non - Current Assets :</b>		
(a) Fixed Assets		
(i) Tangible Assets :		
Land		5,00,000
Building		2,00,000
Furniture		4,00,000
(b) Non – current Investments :		1,00,000
<b>(2) Current Assets :</b>		
(a) Trade Receivables :		
Debtors		2,00,000
(b) Cash and Cash Equivalents : Balance at Bank		
		1,50,000
	Total	<u>15,50,000</u>

Additional Information:

- (1) Market price of Building is 20% more and that of Furniture is 30% more than their book Value.
- (2) Market price of investments is Rs. 1,10,000.
- (3) There is probability of 10% Bad debts on Debtors.
- (4) The expected rate of return is 10%.
- (5) The average profit before dividend is Rs. 1,40,000.
- (6) The Goodwill of the Company has been valued at Rs. 1,00,000.

From the above Information, Ascertain the Fair Value of Equity Share.

OR

Q. 2 [A] the following is the balance sheet of Shrujana Ltd. As on 31/12/23:

[10M]

Particulars	Note	Rs.
<b>I. Equity and Liabilities:</b>		
<b>(1) Shareholder's Funds:</b>		
(a) Share Capital:		
Equity Shares of Rs. 10 each, Rs.7.5 paid up per share		1,87,500
Equity Shares of Rs. 10 each, Rs. 5 paid up per share		1,00,000
10% Pref. Shares of Rs. 10 each fully paid		80,000
(b) Reserves and surplus:		
General Reserve		40,000
Profit and loss A/c		31,500
Employees Accident Compensation Fund		25,000
<b>(2) Non – Current Liabilities :</b>		
Provident fund		25,000
Employees profit sharing Fund		14,000
Depreciation fund: Land & Building	30,000	
Machinery	<u>30,000</u>	60,000
<b>(3) Current Liabilities :</b>		
(a) Trade Payables : Creditors		
		45,000

(P.T.O)

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(b) Short term provisions:		
Bad Debts Reserve		2,000
Taxation Provision		60,000
(c) Other Current Liabilities: Outstanding Expenses		3,000
Total		<b>6,73,000</b>
<b>II. Assets :</b>		
<b>(1) Non - Current Assets :</b>		
(a) Fixed Assets		
(i) Tangible Assets :		
Land & Building		1,90,000
Machinery		1,40,000
(ii) Intangible Assets : Goodwill		34,000
(b) Non – current Investments :		
12% provident fund investments		25,000
Shares of subsidiary company		10,000
10% Govt. securities (Face value Rs. 10,000 and Market value Rs. 15,000)		12,000
(c) Other Non – Current Assets : Preliminary Expenses		5,000
<b>(2) Current Assets :</b>		
(a) Inventories : Stock		1,30,000
(b) Trade Receivables : Debtors		90,000
(c) Cash and Cash Equivalents : Cash & Bank		32,000
(d) Other Current Assets: Prepaid Expenses		5,000
Total		<b>6,73,000</b>

**Additional Information:**

1. Land and Building has been valued at Rs. 2,70,000.
2. Goodwill of the has been valued at Rs. 67,500.
3. Liability under Employees Accident Compensation Fund was only Rs. 5,000.
4. The Dividend on preference shares for the year 2022 is outstanding.
5. Average profit of the company after deducting tax at 50% Rs. 59,750.

Calculate the **Intrinsic Value** of both types of Equity Shares.

Q. 2 [B] Write a note on different methods of valuing shares.

[08M]

Q.3. Jinu Limited went into voluntary liquidation on 31-12-2023. The balance as on that was As under:

[18M]

Particulars	Note	Rs.
<b>I. EQUITY AND LIABILITIES:</b>		
<b>1. Shareholders' Fund</b>		
<b>(a) Share Capital</b>		
5,472 Equity Shares of Rs. 100 each, Rs. 75 paid up		4,10,400
3,648 Equity Shares of Rs. 100 each, Rs. 50 paid up		1,82,400
2,280 8% Preference Shares of Rs. 100 each, fully paid up		2,28,000

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<b>2. Non- Current Liabilities:</b>		
<b>(a) Long- Term Liabilities</b>		
10% Debentures		2,28,000
Loan Secured by charge on Investment		91,200
<b>3. Current Liabilities:</b>		
(a) Trade Payables: Sundry Creditors		1,59,600
<b>(b) Other Current Liabilities:</b>		
Outstanding Interest on Debenture		11,400
Preferential Creditors		57,000
<b>Total</b>		<b>13,68,000</b>
<b>II. ASSETS:</b>		
<b>1. Non- Current Assets:</b>		
<b>(a) Fixed Assets</b>		
<b>(i) Tangible Assets:</b>		
Buildings		2,73,600
Machinery		1,82,400
(ii) Intangible Assets: Goodwill		45,600
<b>(b) Non- Current Investments:</b>		1,36,800
<b>(c) Other Non- Current Assets</b>		
Profit & Loss A/c		2,97,600
Preliminary Expenses		21,600
<b>2. Current Assets:</b>		
(a) Inventories: Stock		2,28,000
(b) Trade Receivables		1,59,600
(c) Cash and Cash Equivalents: Bank Balance		22,800
<b>Total</b>		<b>13,68,000</b>

Considering the following information, Prepare Liquidator's Final Statement of Receipt And Payment:

**(1) Assets Realized**

Building	2,28,000
Machinery	1,59,600
Stock	1,82,400
Debtors	1,48,200

\* Creditors of the loan have sold the investments for the 1,25,400 and the additional amount was returned to the liquidator.

(2) The Liquidator's Remuneration was fixed at 2% on asset realized (except bank Balance) excluding surplus from secured creditors and 3% on amount distributed to the unsecured creditors (excluding preferential creditors).

(3) Dissolution expenses were Rs. 15,048.

(4) The Debenture holders were paid on 30-06-2024.

OR

(P.T.O)

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Q. 3 (A) Explain circumstances and mode of Voluntary winding up by tribunal and Voluntary winding up.

[10M]

Q. 3 (B) At the time of liquidation of United skydive Ltd., the total liabilities of the company was 12,50,000, which include following items:

[08M]

No.	Particulars	Rs.
1	Provident Fund of employees	2,50,000
2	Outstanding directors' fees	18,750
3	Outstanding salary of 2 clerks for 5 months	1,87,500
4	Outstanding income tax before 3 years	1,62,500
5	Outstanding Wages of workers	62,500
6	Outstanding salary of one accountant of last three months	1,50,000
7	Outstanding Municipal tax of last year	12,500
8	Remaining amount of Sundry creditors	?

Q.4 Aruna takes over Badal Ltd. On 1<sup>st</sup> April 2022. Following the balance sheets of the companies immediately before such absorption:

[10M]

Particulars	Note	Aruna Ltd.	Badal Ltd.
<b>I. Equity and Liabilities :</b>			
<b>(1) Shareholder's Funds :</b>			
<b>(a) Share Capital :</b>			
Equity Shares capital of Rs. 100 each		50,00,000	30,00,000
13% Pref. Shares		22,00,000	17,00,000
<b>(b) Reserves and surplus :</b>			
General Reserve		5,00,000	2,50,000
Export Profit Reserve		3,00,000	2,00,000
Investment Allowance Reserve		-	1,00,000
Profit & Loss A/c		7,50,000	5,00,000
<b>(2) Non - Current Liabilities :</b>			
<b>(a) Long Term Borrowings:</b>			
12% Debenture (Rs. 100 each)		5,00,000	3,50,000
<b>(3) Current Liabilities :</b>			
<b>Total</b>		<b>99,00,000</b>	<b>99,00,000</b>
<b>II. Assets :</b>			
<b>(1) Non - Current Assets :</b>			
<b>(a) Fixed Assets</b>			
		63,25,000	36,00,000
(b) Non- Current Investment		7,00,000	5,00,000
<b>(2) Current Assets :</b>			
		28,75,000	25,00,000
<b>Total</b>		<b>99,00,000</b>	<b>99,00,000</b>

Aruna Ltd. Discharges the Purchase Consideration as under:

1. Issued 3,50,000 Equity Shares of Rs. 10 Each at par to Equity Shareholders of Badal Ltd.

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2. Issued 14% Preference shares Rs. 100 each at par to discharge the preference shareholders of Badal Ltd. At 10% premium.
3. The debenture holders of Badal Ltd. Will be converted into equivalent number of debenture of Arun Ltd.
4. The Statutory Reserves of Badal Ltd. Are to maintained for 2 more years.

Prepare Balance sheets of Aruna Ltd., after Absorption on the assumption that:

1. The amalgamation is in nature of Merger.
2. The amalgamation is in nature of Purchase.

OR

Q.4 [a] Radha Ltd. and Shyam Ltd. were amalgamated on and from 1<sup>st</sup> April 2022. A new company Radheshyam was formed to takeover the Business of existing companies. [10M]

Following is the Balance Sheets of both the companies as on 31<sup>st</sup> March 2022:

Particulars	Note	Radha Ltd. Rs.	Shyam Ltd. Rs.
<b>I. Equity and Liabilities :</b>			
<b>(1) Shareholder's Funds :</b>			
(a) Share Capital :			
Equity Shares of Rs. 100 each fully paid up		25,00,000	20,00,000
(b) Reserves and surplus :			
General Reserve			
Revaluation Reserve		5,00,000	4,50,000
Investment Allowance Reserve		2,00,000	1,00,000
Profit & Loss A/c		80,000	20,000
<b>(2) Non – Current Liabilities :</b>			
(a) Long Term Borrowings:			
15% Debenture		4,00,000	2,00,000
<b>(3) Current Liabilities :</b>			
(a) Trade Payables :			
Creditors			
Bills Payable		2,00,000	70,000
<b>Total</b>		<b>40,00,000</b>	<b>30,00,000</b>
<b>II. Assets :</b>			
<b>(1) Non - Current Assets :</b>			
(a) Fixed Assets			
(i) Tangible Assets :			
Land & Building		20,00,000	15,00,000
Plant and Machinery		8,00,000	5,00,000
(b) Non- Current Investments			
		2,00,000	1,00,000
<b>(2) Current Assets :</b>			
(a) Inventories : Stock			
		1,50,000	90,000
(b) Trade Receivables :			
Debtors			
Bills Receivables		2,20,000	1,00,000
(c) Cash and Cash Equivalents :		30,000	10,000
Balance at Bank		6,00,000	7,00,000

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<b>Total</b>		<b><u>40,00,000</u></b>	<b><u>30,00,000</u></b>
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Additional Information:

- 15% Debenture Holders of Radha Ltd. And Shyam Ltd. Are discharged by Radheshyam Ltd., issuing such number of its 10% debenture of Rs. 100 each so as to maintain the same amount of Interest.
- Radheshyam Ltd. Will issue 4 equity shares for each equity share of Radha Ltd. And Shyam Ltd. The shares are to be issued at Rs. 30 each, having a face value of Rs. 10 per share.
- Investment Allowance Reserve is to be Maintained for 2 more Years

Assuming that the amalgamation is in the following two forms, prepare Balance sheet of Radheshyam Ltd. On 1<sup>st</sup> April 2023:

- The amalgamation is in nature of Merger.
- OR
- The amalgamation is in nature of Purchase.

**Q.4 [b] Choose the most appropriate answer from the following:**

**[06M]**

- What is formula for finding out Super Profit?
  - Average Profit – Expected Profit.
  - Expected Profit – Average Profit
  - Average Profit + Expected Profit
  - Expected Profit + Average Profit
- Liquidator's statement of receipts and payment is known as:
  - Cash flow statement
  - Liquidators final statement of account.
  - Cash book
  - Deficiency account
- Which of the following institution will have goodwill?
  - A public library
  - Arts and commerce college
  - Dr. Acharya's nursing home.
  - None of the above
- When risk is more in business then Goodwill is---
  - Normal
  - Less.
  - More

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d) Zero

5. The shares received from the new company is recorded at \_\_\_\_.

a) Face value

b) Market value.

c) Average price

d) None of the above

6. In \_\_\_ out of two or more companies, one is continued to run the business and all others are dissolved for Merger and Acquisition.

a) Absorption.

b) Amalgamation

c) External Reconstruction

d) Internal reconstruction

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