

Five Years Integrated B.Com. LL.B Sem.-5 Examination

IL B.Com.-301

Company Accounting

Time : 2-00 Hours]

January 2021

[Max. Marks : 60

INSTRUCTION : Attempt any Three questions from the following :

Q.1 The following is the balance sheet of Siddharth ltd. as on 31-03-2020. (20)

Liabilities	Rs.	Assets	Rs.
Equity shares 2,00,000 each of Rs.10 fully paid	20,00,000	Building	10,00,000
12% preference share capital Rs. 10 each fully paid	6,00,000	Furniture	4,00,000
P & L Account		5% Govt. Securities (F.V. Rs. 20,00,000)	18,00,000
(2018-19) 3,20,000		Debtors 16,00,000	
(2019-20) 18,40,000	21,60,000	Less : B.D.R- <u>80,000</u>	15,20,000
Depreciation fund (Building)	1,60,000	Bills Receivable	40,000
Depreciation fund (Investment)	1,40,000	Stock	1,40,000
Creditors	40,000	Cash- bank	1,60,000
		Preliminary expenses	40,000
	51,00,000		51,00,000

You are required to compute the value of goodwill of the company at three years purchase of its super profit taking into account following particulars:

- I. Market value of Building is Rs.15,00,000.
- II. Profit for 2019-20 shown in the balance sheet is before tax. Assume tax at 50%.
- III. The profit for the last 3 years have shown increase of Rs. 1,20,000 annually.
- IV. For computation of average profit weights to be used are 1,2,3 respectively.
- V. The Expected rate of return is 20%.

Q.2 The balance sheet of Kajal Ltd as on 31st March, 2020 is as under : (20)

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Liabilities	Rs.	Assets	Rs.
Paid up capital :		Fixed Assets	20,00,000
‘ A ’ Equity shares of Rs. 100 each fully paid up	12,00,000	Current Assets (including Bank Balance Rs. 2,00,000)	12,00,000
‘ B ’ Equity shares of Rs. 100 each Rs. 75 paid up	6,00,000		
General Reserve	8,00,000		
Creditors	6,00,000		
	32,00,000		32,00,000

Additional information:

- 1) The market value of all the assets of the company is 20% more than the book value.
- 2) The average profit of the company after taxes at 35% is Rs. 3,60,000 and expected rate of return is 10%.

From the above particulars ascertain the fair value of both equity shares of the company.

Q.3 The balance sheet of Vandana Ltd. As on 31-12-2020 was as under. (20)

Balance sheet

Liabilities	Rs.	Assets	Rs.
16,000, 5% Cum. Pref. shares of Rs. 10 each fully paid	1,60,000	Land & building	1,75,500
30,000 Equity shares of Rs. 10 each on which a final call of Rs. 2 is still uncalled 3,00,000	2,40,000	Plant & machinery	1,24,500
Less : <u>60,000</u>		Stock	1,58,250
4% Debentures having floating charge	1,14,000	Cash	1,462
Bank overdraft (on mortgage of building)	87,314	Debtors	1,18,288
Creditors – unsecured	1,14,774	Profit & loss a/c	1,54,088
Income tax	9,000		
Preferential liability	7,000		

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	7,32,088		7,32,088
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It was resolved on 1-1-2020 to wind up the company voluntarily. Other information relating to winding up is as follow :

- 1) Preference dividends were in arrears for the last one year. Articles provide for the repayment to the preference shareholders of their capital and dividend prior to equity shareholders.
- 2) Debenture interest was paid upto the date of the balance sheet. Debenture were paid off on 31-3-2020 with interest.
- 3) Assets sold by liquidator realised as follow:
 - Land & Building Rs.2,00,000
 - Stock Rs.1,51,114
 - Machinery Rs.1,20,000
 - Debtors Rs. 1,16,486Expenses of liquidation were:
 - Liquidator's remuneration at 2% on the amount realised plus Rs.6,000.
 - liquidation expenses Rs. 9,074.
- 4) All legal formalities were completed by 3-3-2020

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

Q.4 The following were the balance sheet of Ram ltd. and Rita ltd. as on 31st march 2012
(20)

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Liabilities	Ram ltd	Rita ltd.	Assets	Ram ltd	Rita ltd.
Paid up capital:			Goodwill	2,00,000	-
Equity shares of			Land building	6,00,000	2,00,000
Rs. 100 each fully			Plant machinery	12,00,000	6,00,000
paid up	20,00,000	10,00,000	Investment	2,00,000	40,000
6 % Pref. share			Stocks	5,00,000	3,00,000
capital Rs. 100			Debtors	6,00,000	4,00,000
each fully paid up	10,00,000	-	Cash and bank	3,40,000	60,000
General reserve	-	2,40,000	Preliminary		
Bank loan	3,00,000	-	exps.	60,000	-
10% Debentures	4,00,000	-	Profit and loss		
Workers'			account	3,00,000	-
Accident comp.					
fund	-	1,60,000			
Creditors	3,00,000	2,00,000			
	40,00,000	16,00,000		40,00,000	16,00,000

On the above data, both the companies decided to amalgamate and form a new company Ram-Rita ltd. with an authorized capital of Rs.50,00,000. Divided into 40,000 equity share and 10,000 10% preference share of Rs. 100 each. Assets and liabilities of both company are to be taken over except investment of Ram Ltd. and cash balance of Rs.20,000 of Rita Ltd.

The market value of fixed asset of both companies to be taken 20% more than book value .

Payments term as follow:

- 1) The equity shares of both the companies will be given 6 fully paid equity shares of Ram- Rita ltd. for every 5 shares held by them at a premium of 10%.
- 2) The preference shareholders of Ram ltd. will be given 4 fully paid preference shares of Ram - Rita ltd. for every 5 preference shares held by them and Rs.1,00,000 cash.

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3) The debenture holder of Ram ltd. will be given 12% debentures of Rs.100 each of Ram - Rita ltd. at a discount 10% to discharge their liability at 8% premium.

4) Rs. 28,000 cash to Ram ltd.

Ram - Rita ltd. issued the remaining equity shares to the public at a premium of Rs. 20 per share, which were fully paid up. Preliminary expenses amounted Rs.20,000.

Pass journal entries and prepare its Balance sheet.

Q.5 (a) Explain factors affecting valuation of Goodwill. (10)

Q.5 (b) Explain factors affecting valuation of Shares. (10)

Q.6 (a) Discuss difference between purchase method and pooling
Of interest method. (10)

Q.6 (b) Write a short note on Liquidator's statement of Receipt (10)

And Payments.
