

GOVERNMENT COLLEGE OF COMMERCE AND ECONOMICS, BORDA, MARGAO-GOA
B.COM SEMESTER VI (CBCS) END EXAMINATION, AUGUST, 2020

Subject: DSE 5 Accounting: Advanced Company Accounts

Duration: Two Hours

Max. Marks: 30

[As per the GU OS-1, COVID-19 Pandemic]

Instructions: 1) Questions 1 and 2 are compulsory; however, internal choice is available.

2) Figures to the right indicate maximum marks to the questions/sub-questions.

Q 1. Solve any 5 of the following: **(2x5=10 marks)**

- a) You are given the following extracts of ledger balances taken from Kodak Limited for the year ended 31st March 2020.

Particulars	Amount (Rs.)
Sales	89,00,000
Opening Stock of Raw Materials	12,00,000
Opening Stock of Finished Goods	8,00,000
Purchase of Raw Materials	8,00,000
Purchase returns	75,000
Sales returns	2,50,000
Excise duty	40,000
Salaries	7,46,000
Electricity charges	88,000
Advertisement expenses	67,000
Rent, rates & taxes	17,700
Audit fees	7,500

Additional information:

- i. Closing Stock of Raw Materials and Finished Goods was Rs. 6,00,000 and 10,00,000 respectively.

You are required to prepare note on 1) Cost of Material Consumed

- b) From the following information calculate Simple Average profits of AV Ltd.

Net Profits of last 3 years are as follows:

Years	Rs.
31/03/2018	2,02,000
31/03/2019	2,15,000
31/03/2020	2,29,000

- c) The Balance Sheet of Adventz Limited was as on 31st March 2020 was as under.

Liabilities	Rs.	Assets	Rs.
20,000 Equity shares of Rs. 10 each fully paid	2,00,000	Land and Building	1,00,000
Profit & Loss Account	40,000	Plant and Machinery	85,000
5% Debentures	10,000	Furniture and Fixtures	10,000
Trade Creditors	25,000	Motor Vehicle	75,000
Provision for Taxation	11,000	Stock	10,000
Proposed Dividend	12,000	Book Debts	12,000
Workmen's Compensation Fund	4,000	Bank Balance	9,000
Bank Overdraft	3,000	Preliminary Expenses	2,500
		Underwriting Commission	1,500
	3,05,000		3,05,000

On 31st March 2020 the Land and Building were worth Rs. 1,20,000; Plant and Machinery Rs. 95,000 and Furniture and Fixtures Rs. 8,000. 10% represents a fair rate of return on Investments in the similar companies.
Calculate Average Capital Employed.

d) Following is the summarised Balance Sheet of Pluto Limited as on 31st March 2020.

Liabilities	Rs.	Assets	Rs.
Share Capital:		Land and Building	18,00,000
3,00,000 Equity shares of Rs. 10 each fully paid	30,00,000	Plant and Machinery	9,00,000
8,000 9% Preference Shares of Rs. 100 each	8,00,000	Trademarks	6,00,000
7% Debentures	14,00,000	Investment (at cost) (Market value Rs. 70,000)	4,82,000
Bank Overdraft	75,000	Stock	9,00,000
Sundry Creditors	3,52,000	Sundry Debtors	5,00,000
		Cash and Bank balance	25,000
		Profit and Loss Account	4,20,000
	56,27,000		56,27,000

Preference dividend is in arrears for 3 years.

The following scheme of reconstruction was finalised by the Court.

You are required to pass journal entry for:

- 1) Preference shareholders to forego their right to earlier preference dividend which are in arrears for 3 years.
- 2) All the existing Preference shares reduced to Rs. 75 each and equity shares are reduced to Rs. 5 each.

e) Following is the Trial Balance of Aroma Limited as on 31st March 2020.

Particulars	Rs.	Particulars	Rs.
Stock (at cost)	1,50,000	Equity shares of Rs. 100 each	2,00,000
Sundry Debtors	1,10,000	5% Preference share capital	1,00,000
Land and Building	2,00,000	General Reserve	45,000
Plant and Machinery	1,00,000	Capital Reserve	10,000
Furniture and Fixture	10,000	Profit and Loss Account	1,06,000
Staff Advances	10,000	6% Debentures	1,00,000
Investments (at cost)	50,000	Sundry Creditors	89,000
Advance Tax	20,000	Unclaimed Dividend	18,000
Bills Receivable	20,000	Interim Dividend	15,000
Preliminary Expenses	20,000	Provision for Taxation	17,000
Cash and Bank balance	10,000		
	7,00,000		7,00,000

Additional information:

- 1) Transfer to General Reserve Rs. 10,000.

Prepare working note on Reserves and Surplus.

- f) Following is the summary of Assets and Liabilities of IFB Limited as on 31st March 2020.

Liabilities	Rs.	Assets	Rs.
20,000 Equity shares of Rs. 10 each fully paid	2,00,000	Plant and Machinery	1,25,000
Securities Premium	25,000	Fixtures	75,000
General Reserve	1,48,000	Stock	3,70,000
Profit and Loss Account	33,000	Debtors	1,00,000
Sundry Creditors	2,01,000	Cash in hand	4,000
Provision for Taxation	72,000	Cash at Bank	5,000
	6,79,000		6,79,000

The company transfers 20% of its profits after tax to General Reserves.
Calculate Amount available to Equity shareholders.

- g) Calculate Goodwill under the 4 years purchase of Gross fees method from the following information:

Year	Rs.
2012	40,000
2013	55,000
2014	45,000
2015	22,000
2016	37,000
2017	21,000
2018	43,000
2019	52,000
2020	49,000

- h) Calculate Goodwill under Capitalisation of Super Profits Method, when Super Profit is Rs. 60,000, NRR is 8%.

Q.2. Solve the following (Any 4)

(5 x 4=20 marks)

- a. Following is the extract of balances of Tata Limited.

Particulars	Rs.
Wages	1,50,000
Discount Earned	20,000
PF Contribution	45,000
Bonus to employees	7,000
Commission received	40,000
Managing Director's fees	15,000
Bad Debts	10,000
Interest on bank loan	45,000
Debenture interest	23,000
Sales	7,00,000

You are required to prepare notes on 1) Employee Benefit Expenses 2) Other Income
3) Other Expenses.

- b) Pass journal entries in the following cases:
- 2500, 7% Debentures of Rs. 100 each are settled at 80% by issue at par of Equity shares and the balance settled in cash. The rate of Debenture interest raised to 8%.
 - Issued 2,00,000 Equity shares of Rs. 10 each for working capital.
- c) The net profits of the company after providing for taxation for the last four years are Rs. 30,000; Rs. 35,000, Rs. 36,000 and Rs. 35,000. Average capital employed is Rs. 3,00,000 on which a reasonable rate of return of 10% is expected. Calculate the value of Goodwill of business on the basis of an annuity of Super Profits, taking the present value of annuity of one rupee for four years at 10 % interest is Rs. 3.78.

- d) XY Limited has the following capital structure:

15,000 Equity shares of Rs. 100 each	15,00,000
12% Preference share capital (Rs. 100)	6,00,000
Reserves	4,00,000
Profit of the company after taxation is Rs. 4,20,000.	
Rate of return in similar companies is 20%.	

Ascertain Yield Value per share.

- e) Give Journal Entries for the following.
- Creditors of Rs. 1,20,000, 80% of their claim settled by cash payment of 20% and sacrifice of 80%.
 - 8% Preference shareholders of Rs. 2,50,000 agreed to accept equity shares of Rs. 1,50,000 and Rs. 50,000 cash payment in full settlement of their claim.
- f) Calculate weighted Average of the following by taking the weights as 1, 1.5, 2, 2.5 and 3.

The Net Profit of the Company of the Company after charging depreciation and taxes were as follows:

<u>Year</u>	
2016	Rs. 35,000
2017	Rs. 37,000
2018	Rs. 29,000
2019	Rs. 31,000
2020	Rs. 39,000
