

25. From the following information calculate the value of goodwill on the basis of 3 years purchase of super profit.

- (a) Average capital employed in the business is Rs. 20,00,000
- (b) Rate of interest expected from capital having regard to the risk involved is 10%.
- (c) Net trading profits of the firm for the past three years were Rs. 3,50,400; Rs. 2,80,000 and Rs. 3,10,100.
- (d) Fair remuneration to the partners for their services is Rs. 48,000 per annum.
- (e) Sundry assets of the firm are Rs. 23,50,400 and current liabilities Rs. 95,110.

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Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer any TEN questions.

1. What do you mean by Forfeiture of Shares?
2. What is Under Subscription?
3. Define - Pure Underwriting.
4. Write a short note on Consolidation of Shares.
5. Define - Amalgamation.
6. What is minority interest?
7. What do you mean by Member's Voluntary Winding-up?
8. Who is Secured Creditors?
9. Point out any four objectives of accounting Standards.

10. Write a short note on Depreciation Accounting (AS-6).
11. What are the needs of valuation of shares?
12. Define - Revenue Profit.

PART B — (5 × 5 = 25 marks)

Answer any FIVE questions.

13. X Co.Ltd. issued 4,000 shares of Rs. 10 each at a premium of Rs. 2 per share.

The amount was payable as under :

On application	Rs. 3 per share
On allotment	Rs.4 per share (including premium)
On first call	Rs. 3 per share
On second call	Rs. 2 per share.

The company received applications for 5,000 shares and the allotment was made as under:

- (a) Applicants for 200 shares - Nil
- (b) Applicants for 800 shares - Full
- (c) Applicants for 4,000 shares - 3,200 shares

All moneys were duly received except the first call on 200 shares and final call on 300 shares. Pass journal entries and prepare balance sheet of the company.

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on liquidation. Creditors include a loan for Rs. 50,000 on the mortgage of Land and Buildings. The assets were realized as follows :

	Rs.
Land and Buildings	1,20,000
Machinery and Plant	2,00,000
Patents	30,000
Stock	60,000
Sundry Debtors	80,000

The expenses of liquidation amounted to Rs. 10,900. The liquidator is entitled to a commission of 3 per cent on all assets realized except cash and a commission of 2 % on amounts distributed among unsecured creditors. Preferential creditors amount to Rs. 15,000. Assume the payment was made on September 30, 2009.

Prepare the Liquidator's final Statement of Account.

24. Bring out the various functions and responsibility of ASB.

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23. The following data is given :

Balance Sheet of A Ltd. on March 31, 2009

Liabilities	Rs.	Assets	Rs.
<b>Shares Capital:</b>			
2,000 14% Pref. Shares of Rs. 100	2,00,000	Land and Buildings	1,00,000
1,000 Equity Shares of Rs. 100 each Rs. 75 paid	75,000	Machinery and Plant	2,50,000
3,000 Equity shares of Rs. 100 each Rs. 60 paid	1,80,000	Patents	40,000
14% Debentures having a floating charge on all assets	1,00,000	Stock at cost	55,000
Interest Outstanding	14,000	Sundry Debtors	1,10,000
Creditors	1,45,000	Cash at Bank	75,500
		Profit and Loss Account	83,500
	<u>7,14,000</u>		<u>7,14,000</u>

The company went into liquidation on the above date. The preference dividends were in arrear for two years. The arrears are payable automatically

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14. Following a series of losses, XYZ Co. Ltd., resolved to reduce its capital to 50,000 fully paid Rs. 5 shares and to eliminate share premium account. The company's Balance sheet prior to implementation of the scheme was :

Liabilities	Rs.	Assets	Rs.
50,000 fully paid shares of Rs. 10 each	5,00,000	Goodwill	1,00,000
Share Premium	50,000	Land and Building	1,62,000
Creditors	62,000	Machinery	2,07,000
Bank Overdraft	73,000	Stock	92,000
		Debtors	74,000
		Profit and Loss Account	50,000
	<u>6,85,000</u>		<u>6,85,000</u>

It was resolved to apply the sum available under the scheme:

- To write off the goodwill account
- To write off the debit balance of me profit and Loss account

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- (c) To reduce the book values of the assets by the following amounts :

Land and building	Rs. 42,000
Machinery	Rs. 67,000
Stock	Rs. 33,600

- (d) To provide a bad debts reserve of 10% of the book value of debtors. Show the journal entries to give effect to the scheme and prepare the revised balance sheet after its implementation.

15. On 31<sup>st</sup> March, 1996 the balance sheets of H Ltd. and its subsidiary S stood as follows:

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Equity share capital	8,00,000	2,00,000	Fixed assets	5,50,000	1,00,000
General reserve	1,50,000	70,000	75% shares in S Ltd. (at cost)	2,80,000	—
Profit and Loss A/c	90,000	55,000	Stock	1,05,000	1,77,000
Creditors	1,20,000	80,000	Other current assets	2,25,000	1,28,000
	<u>11,60,000</u>	<u>4,05,000</u>		<u>11,60,000</u>	<u>4,05,000</u>

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22. The following are the Balance Sheets of H Ltd. and its subsidiary S Ltd as on 31.3.1995

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Share Capital			Machinery	3,00,000	1,00,000
Rs. 10 each fully paid	6,00,000	2,00,000	Furniture	70,000	45,000
General Reserve	1,50,000	70,000	70% shares in S Ltd. at cost	2,60,000	—
Profit and Loss A/c	70,000	50,000	Stock	1,75,000	1,89,000
Creditors	90,000	60,000	Debtors	55,000	30,000
			Cash at bank	50,000	10,000
			Preliminary expenses	—	6,000
	<u>9,10,000</u>	<u>3,80,000</u>		<u>9,10,000</u>	<u>3,80,000</u>

H Ltd acquired the shares of S Ltd. on 30<sup>th</sup> June 1994. On 1<sup>st</sup> April 94, S Ltd's General Reserve and Profit and Loss account stood at Rs. 60,000 and Rs. 20,000 respectively. No part of the preliminary expenses was written off in the year ended 31.3.95

Prepare consolidated Balance Sheet of H Ltd. and its subsidiary S Ltd. as on 31.3.95, giving all your working notes separately.

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21. M Ltd and N Ltd agreed to amalgamate on the basis of the following balance sheet as on 31.3.2017

Liabilities	M Rs.	N Rs.	Assets	M Rs.	N Rs.
Share Capital Rs. 25 each	75,000	50,000	Goodwill	30,000	
P and L A/c	7,500	2,500	Fixed Assets	31,500	38,800
Creditors	3,500	3,500	Stock	15,000	12,000
Depreciation Fund	-	2,500	Debtors	8,000	5,200
			Bank	1,500	2,500
	<u>86,000</u>	<u>58,500</u>		<u>86,000</u>	<u>58,500</u>

The assets and liabilities are to be taken over by a new company formed called P Ltd at book values. P Ltd's capital is Rs 2,00,000 divided into 10,000 equity shares of Rs 10 each and 10,000 9% preference shares of Rs 10 each P Ltd issued. The equity shares equally to the vendor companies and preference shares were issued for any balance of purchase price. Pass journal entries in the books of P Ltd. And prepare its balance Sheet.

Draw a consolidated Balance Sheet as at 31<sup>st</sup> March, 1996 after taking into consideration the following information :

- (a) H Ltd. acquired the shares on 31<sup>st</sup> July, 1995.
- (b) S Ltd. earned profit of Rs. 45,000 for the year ended 31<sup>st</sup> March, 1996.
- (c) In January 1996 S Ltd. sold to H Ltd. goods costing Rs. 15,000 for Rs. 20,000. On 31<sup>st</sup> March, 1996 half of these goods were lying as unsold in godown of H Ltd.
16. The following particulars relate to a limited company which has gone into voluntary liquidation. You are required to prepare the liquidator final account allowing for his remuneration @ 3% on the amount realised and 2½ % on the amount paid to the unsecured creditors.

Share Capital issued :

5,000 preference shares of Rs 100 each (fully paid)

30,000 Equity shares of Rs 10 each (Fully paid)

12,000 equity shares of Rs 10 each (Es. 8 paid-up)

Assets realized Rs. 9,24,000 excluding amount realized by sale of securities held by the secured creditors.

	Rs.
Preferential creditors	24,000
Unsecured Creditors	8,51,094
Secured Creditors (Secured Realized Rs 1,62,000)	1,38,000
Debentures having floating charges on the assets	3,00,000
Expenses of liquidation amounted	9,000

A call of Rs. 2 per share on the partly paid equity shares was duly paid. Except in case of one shareholder owing 1,200 shares.

17. State the significance of Accounting Standards.
18. Bharat Ltd., issued 1,50,000 equity shares. The whole of the issue was underwritten as follows:  
X - 50%    Y - 25%    Z - 25%
- Applications for 1,20,000 share were received in all, out of which applications for 30,000 shares had the stamp of X, those for 15,000 shares that of Y and those for 30,000 shares that of Z. The remaining applications for 45,000 shares did not bear any stamp. Determine the liability of the underwriters.
19. State and explain about order of payments in Liquidator's final statement.

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PART C — (4 × 10 = 40 marks)

Answer any FOUR questions.

20. The balance sheet of Sarashwathi Ltd disclosed the following position as on 31<sup>st</sup> December 1998.

Liabilities	Rs.	Assets	Rs.
Share Capital		Good will	1,65,000
6,000 Eq. Shares of Rs. 100 each	6,00,000	Investment	5,25,000
Profit and Loss A/c	75,000	Stock	6,60,000
General Reserve	2,25,000	Sundry Debtors	3,90,000
6% Debentures	4,50,000	Cash at Bank	60,000
Sundry Creditors	1,50,000		
Workmen Saving bank A/c	3,00,000		
	<u>18,00,000</u>		<u>18,00,000</u>

- (a) The profits for the past five years were: 1994 – Rs. 30,000; 1995 - Rs. 70,000 1996 - Rs. 50,000; 1997 - Rs. 55,000 and 1998 - Rs. 95,000.
- (b) The Market value of investments was Rs. 3,30,000.
- (c) Goodwill is to be valued at three years purchase of average annual profits for the last five years.

From the above information, you are requested to find out the intrinsic value of each share.

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