B.COM. CBCS
SEM-IV (MAY 2018)

Duration : 3 Hours **Maximum Marks : 75**

1. (*a*) The following is the summarized Balance Sheet of Artex Limited on 31st March, 2017:

Equity and Liabilities	₹	₹
Share Capital :		
1,00,000 Equity Shares of ₹ 10 each fully paid		10,00,000
2,000 10% Redeemable Preference		
Shares of ₹ 100 each fully called-up	2,00,000	
Less : Calls-in-arrear @ ₹20 each	(2,000)	1,98,000
Reserves and Surplus :		
Securities Premium		40,000
Profit and Loss Account		1,20,000
General Reserve		1,40,000
Current Liabilities :		
Creditors		3,02,000
Total		**18,00,000**
Assets		
Fixed Assets		16,20,000
Cash and Cash Equivalents		1,80,000
Total		**18,00,000**

The Redeemable Preference Shares were redeemed as per the following plan:

(*i*) 9,000 Equity Shares were issued at a premium of 10%.

(*ii*) Expenses for fresh issue of shares ₹ 10,000.

(*iii*) Of the 100 preference shares on which call money was due, holders of 80 shares paid the call money before the date of redemption. The balance 20 shares were forfeited. The forfeited shares were re-issued as fully paid for ₹ 1,000 before redemption.

(*iv*) Preference shares were redeemed at a premium of 10% and Securities Premium Account was utilized in full for this purpose. (10)

Prepare journal to show above transactions.

(*b*) What are objectives of 'Buy-Back of Shares'? Discuss briefly. (5)

Or

(*a*) The following balances appeared in the books of Ronak Ltd. on 1.4.2017:

(*i*) Debenture Redemption Fund ₹ 60,000 represented by investments of an equal amount (nominal value ₹ 75,000).

(*ii*) 12% Debentures stood at ₹ 90,000.

The company sold required amount of investments at 90% for redemption of ₹ 30,000 Debentures at a premium of 20% on the above date. Prepare (*i*) 12% Debentures Account; (*ii*) Debenture Redemption Fund Account; (*iii*) Debenture Redemption Fund Investment Account; and (*iv*) Debenture-holders Account. (7)

(*b*) Write short notes on any *two*:

(*i*) Issue of Sweat Equity Shares.

(*ii*) Distinction between Debenture Redemption Reserve and Capital Redemption Reserve.

(*iii*) Distinction between Bonus Shares and Right Shares. (8)

2. The following balances appeared in the books of MTV Limited as on 31st March 2017:

Particulars	***Debit*** (₹)	***Credit*** (₹)
Equity Share Capital (₹ 10 per share fully paid up)		12,00,000
Surplus Account		1,48,896
Staff Provident Fund		75,000
Trade Creditors		85,716
Sales		21,67,894
General Reserve		4,60,000
Building (at cost)	3,00,000	
Machinery (at cost)	4,60,000	
Stock-in-Trade	3,44,116	
Trade Receivables	4,64,760	
Non-current Investment	5,77,900	
Cash and Bank	1,44,480	
Interim Dividend Paid @ 8%	96,000	
Corporate Dividend Tax on Interim Dividend	19,200	

Particulars	*Debit* (₹)	*Credit* (₹)
Purchases	10,01,806	
General Expenses	7,00,000	
Salaries	53,628	
Unclaimed Dividend		1,052
Manufacturing Expenses	62,156	
Furniture (at cost)	10,000	
Provision for depreciation on fixed assets		1,82,000
Bills Receivables	1,00,000	
Director's Sitting fees	3,600	
Interest on investments		17,088
	43,37,646	43,37,646

From the abovementioned balances and the following information prepare the year-end Statement of Profit and Loss and Balance Sheet of the company as per Schedule III of Companies Act, 2013 :

(*i*) Stock-in-Trade on 31st March 2018 was valued at ₹ 2,97,360.

(*ii*) Provide ₹ 38,000 for depreciation on fixed assets and ₹ 16,000 for outstanding salaries.

(*iii*) Interest accrued on investments amounts to ₹ 3,500.

(*iv*) Make a provision of ₹ 1,00,000 for income tax.

(*v*) Transfer ₹ 70,000 to general reserve.

(*vi*) The directors have proposed a final dividend of 8% in addition to interim dividend for the year ending 31st March 2018.

(*vii*) The company is disputing a claim of ₹ 30,000 for workmen's compensation. (15)

Or

(*a*) What are the distinguishing features of 'purchased' and 'non-purchased goodwill'? (5)

(*b*) Following particulars are available in relation to a company:

(*i*) Equity Share Capital: 20,000 equity shares of ₹10 each fully paid.

(*ii*) Preference Share Capital: 2,000, 12% Preference Shares of ₹ 100 each fully paid.

(*iii*) Reserves and Surplus: ₹ 30,000.

(*iv*) External Liabilities: Creditors ₹ 24,000; Bills Payable: ₹ 12,000.

(*v*) The average normal profit after tax earned each year by the company: ₹ 57,000.

(*vi*) Transferred to General Reserve: 10%.

Assets of the company include one fictitious item of ₹ 1,600. The normal rate of return in respect of the equity share of this type of company is 10%. (Ignore goodwill.) Compute the value of the company's share as per the (*i*) intrinsic value method; and (*ii*) yield method. (10)

3. The balance sheet of Aishwarya Ltd. as at 31st March 2017 is given as under:

Particulars	*Note No.*	*Figures at the end of current reporting period (₹)*
EQUITY AND LIABILITIES		
Shareholders' Funds:		
(*a*) Share capital	1	20,000
(*b*) Reserves and Surplus	2	7,000
Non-Current Liabilities	3	10,000
Current Liabilities	4	3,000
Total		**40,000**
ASSETS		
Non-Current assets :		
(*a*) Fixed assets		
(*i*) Tangible assets	5	16,500
(*ii*) Intangible Assets	6	4,000
Current Assets :		
(*a*) Inventories		18,500
(*b*) Cash and cash equivalents		1,000
Total		**40,000**

Notes to accounts :

		₹
1. Share capital		20,000
Equity share capital	₹ 20 000	
Issued, subscribed and fully paid: 2,000 shares of ₹ 10 each		
2. Reserves and Surplus		7,000
Profit and Loss A/c	₹ 7000	
3. Non-Current Liabilities		10,000
11% Debentures	₹ 10,000	
4. Current Liabilities		3,000
Trade Payables	₹ 3,000	
5. Tangible Assets		16,500
Land and Building	₹ 12,500	
Plant and Machinery	₹ 4,000	
6. Intangible Assets		4,000
Goodwill	₹ 4,000	

Tanvi Ltd. agreed to take over all assets of Aishwarya Ltd. except Plant and Machinery and Cash. For the purpose of absorption, goodwill was valued at ₹ 6,000 and other assets were taken over at 10% less than book value. Plant and Machinery were sold by Aishwarya Ltd. at ₹ 3,000. Tanvi Ltd. also agreed to discharge trade payables and debentures in cash. Realisation expenses amounted to ₹ 4,000.

The purchase consideration is to be discharged by issue of 1,000 equity shares of ₹ 10 each, ₹ 8 called up at a market value of ₹ 20 per share and the balance in cash.

You are required to:

(a) Prepare Realisation Account, Tanvi Ltd. Account, Equity Shareholders Account and Cash at Bank Account in the books of Aishwarya Ltd.

(b) Pass journal entries in the books of Tanvi Ltd.

(15)

Or

The following is the balance sheet of Prashant Limited as at 31st March, 2016:

Particulars	*Note No.*	*Figures at the end of current reporting period (₹)*
EQUITY AND LIABILITIES		
Shareholders' Funds		
(a) Share capital	1	24,00,000
(b) Reserves and Surplus	2	(8,00,000)
Non-Current Liabilities	3	4,50,000
Current Liabilities	4	2,50,000
Total		**23,00,000**
ASSETS		
Non-Current assets		
(a) Fixed assets		
(i) Tangible assets	5	13,00,000
(ii) Intangible Assets	6	90,000
(b) Non-Current Investments		80,000
Current assets		
(a) Inventories		3,60,000
(b) Trade Receivables		4,20,000
(c) Cash and cash equivalents		50,000
Total		**23,00,000**

Notes to accounts :

		₹
1. Share capital		24,00,000
Equity share capital	₹ 16,00,000	

Issued, subscribed and fully paid:		
2,00,000 shares of ₹ 10 each,		
₹ 8 called up	₹ 8,00,000	
10% Preference Share Capital		
Issued, subscribed and fully paid:		
80,000 shares of ₹ 10 each		(8,00,000)
2. Reserves and Surplus		
P&L A/c (Deficit in Statement of Profit and Loss)		4,50,000
3. Non-Current Liabilities		
12% Debentures	₹ 1,30,000	
Loan	₹ 3,20,000	2,50,000
4. Current Liabilities		
Trade Payables	₹ 1,50,000	
Bank Overdraft	₹ 1,00,000	13,00,000
5. Tangible Assets		
Land and Building	₹ 7,00,000	
Plant and Machinery	₹ 6,00,000	90,000
6. Intangible Assets		
Goodwill	₹ 90,000	

The following scheme of reorganisation was approved and confirmed by the court:

(*a*) Preference shareholders agree to forego their arrears of dividend.

(*b*) Uncalled capital is to be called up in full and equity shares are to be reduced to ₹ 6 each.

(*c*) 12% Debenture holders accept ₹ 65000 worth 14% debentures in full satisfaction of the claim.

(*d*) Trade payables are to forego 20% of their claims.

(*e*) Investments are to be taken over by the bank in full settlement of the bank overdraft.

(*f*) Inventories are overvalued by ₹ 1,00,000 and machinery is to be brought down to ₹ 4,00,000.

(*g*) A Provision for doubtful debts @ 5% is to be made on trade receivables.

(*h*) Loan was satisfied by ₹ 2,20,000 worth 14% Debentures in full satisfaction of their claims.

(*i*) Write off Surplus (negative balance) to the extent of balance available in reconstruction account after considering above points. Goodwill is not to be written off.

Pass journal entries to bring the scheme into effect. (15)

4. Following are the balance sheets of H Ltd. and S Ltd. as at 31st March, 2016:

EQUITY AND LIABILITIES	***Note No.***	***H Ltd. (₹)***	***S Ltd. (₹)***
Shareholders' Funds			
(a) Share capital	1	40,00,000	12,00,000
(b) Reserves and Surplus	2	20,00,000	12,00,000
Non-Current Liabilities		-	-
Current Liabilities		12,00,000	8,00,000
Total		**72,00,000**	**32,00,000**
ASSETS			
Non-Current assets			
(a) Fixed assets			
Tangible assets		32,00,000	20,00,000
(b) Non-Current Investments	3	24,00,000	
Current Assets		16,00,000	12,00,000
Total		**72,00,000**	**32,00,000**

Notes to accounts :	H Ltd. (₹)	S Ltd. (₹)
1. Share capital : Equity share capital		
Fully paid shares of ₹ 10 each	40,00,000	12,00,000
2. Reserves and Surplus	20,00,000	12,00,000
	H Ltd.	S Ltd.
General reserve	₹ 8,00,000	₹ 4,00,000
Surplus	₹ 12,00,000	₹ 8,00,000
3. Non-Current investments		
(90% equity shares of S Ltd.)	24,00,000	

H Ltd. acquires the shares of S Ltd. on 1st July, 2015. Balance in the General Reserve and Surplus of S Ltd. on 1st April, 2015 was ₹ 3,20,000 and ₹ 2,00,000 respectively. Prepare Consolidated Balance Sheet of H Ltd. and S Ltd. as at 31st March, 2016. (15)

Or

4. (a) The following are the balance sheets of H Ltd. and S Ltd. as on 31st March, 2017:

	H Ltd. (₹)	***S Ltd. (₹)***
Equity Shares of ₹ 10 each fully paid up	5,00,000	2,00,000
General Reserve	1,00,000	-
Profit and Loss Account- Surplus/(Deficit)	80,000	(1,00,000)
Investment (1500 equity Shares of S Ltd.)	1,20,000	-

H Ltd. acquired the shares on 1st August 2016. The Profit and Loss Account of S Ltd. showed a debit balance *i.e.*, a loss of ₹ 1,50,000 on 1st April 2016. There was an abnormal loss of ₹ 4,000 during the year. Calculate Minority Interest and Cost of Control/Goodwill. (8)

(*b*) From the following information, identify the non-performing assets (NPA) of a commercial bank for the year ending 31st March, 2018:

(*i*) Term Loans : ₹ 200 lakhs on which interest remains overdue on following amounts: (*a*) for three quarters on ₹ 60 lakhs; (*b*) for two quarters on ₹ 40 lakhs; and (*c*) for one month on ₹ 20 lakhs.

(*ii*) Cash Credits and Overdrafts : ₹ 100 lakhs out of which it remains out of order for three quarters on ₹ 30 lakhs, for two quarters on ₹ 20 lakhs and for one month on ₹ 20 lakhs.

(*iii*) Bills Purchased and Discounted: ₹ 500 lakhs out of which ₹ 300 lakhs remain unpaid for three quarters and ₹ 90 lakhs remain unpaid for one month. (7)

5. (*a*) The following balances were extracted from the Balance Sheet of Progressive Ltd. on 31st March, 2017:

	Amount (₹)
Fixed Assets (at cost)	60,00,000
Less : Accumulated depreciation	7,50,000
	52,50,000
Cash and Bank Balance	1,95,000
Other Current Assets	12,00,000
Current Liabilities	8,25,000

The net profit after depreciation amounted to ₹ 4,50,000. The company provided for depreciation ₹ 2,40,000 for the year 2017-18. During the year 2017-18, the company purchased fixed assets for ₹ 6,00,000. It also sold a fixed asset costing ₹ 1,50,000 (accumulated depreciation ₹ 52,500) for ₹ 1,12,500.

The current assets and liabilities (excluding cash and bank balance) as on 31st March 2018 were ₹ 16,95,000 and ₹ 12,00,000 respectively.

Interest received in investments amounted to ₹ 22,500. Calculate cashflow from operating and investing activities for the year 2017-18. (10)

(*b*) What is a Cashflow Statement? What are the advantages of preparing Cashflow Statements? (5)

Or

5. From the following Balance Sheets of P Ltd., prepare cash flow statement:

Particulars	*Note No.*	*As at 31st March, 2018* ₹	*As at 31st March, 2017* ₹
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(*a*) Share capital (Equity Share Capital)		30,00,000	20,00,000
(*b*) Reserves and Surplus (Balance in Statement of Profit and Loss)		15,00,000	12,00,000
2. Non-current liabilities			
(*a*) Long-term borrowings	1	2,00,000	4,00,000
3. Current liabilities			
(*a*) Trade payables		2,00,000	2,20,000
(*b*) Short-term provisions (Provision for Taxation)		1,90,000	1,60,000
Total		50,90,000	39,80,000
II. ASSETS			
1. Non-current assets			
(*a*) Fixed assets			
(*i*) Tangible assets	2	20,20,000	24,00,000
(*ii*) Intangible assets (Goodwill)		3,60,000	4,00,000
(*b*) Non-current investments		12,00,000	-
2. Current assets			
(*a*) Inventories		3,60,000	2,00,000
(*b*) Trade receivables		4,00,000	3,00,000
(*c*) Cash and cash equivalents	3	7,50,000	6,80,000
Total		**50,90,000**	**39,80,000**

Notes to Accounts:

Note No.	*Particulars*	*As at 31st March, 2018* (₹)	*As at 31st March, 2017* (₹)
1.	Long-term borrowings		
	11% Debentures	-	4,00,000
	Bank Loan	2,00,000	-
		2,00,000	4,00,000

Note No.	Particulars	As at 31st March, 2018 (₹)	As at 31st March, 2017 (₹)
2.	Tangible assets		
	Land and Building	13,00,000	16,00,000
	Plant and Machinery	7,20,000	8,00,000
		20,20,000	24,00,000
5.	Cash and cash equivalents		
	Cash in Hand	1,40,000	1,00,000
	Bank Balance	6,10,000	5,80,000
		7,50,000	6,80,000

Additional information:

(*a*) Dividend paid during the year is ₹ 3,00,000 along with Corporate Dividend Tax of ₹ 30,000.

(*b*) Income tax paid during the year is ₹ 1,30,000.

(*c*) Land and building book value ₹ 3,00,000 was sold at a profit of 10%.

(*d*) The rate of depreciation on plant and machinery is 10%.

(*e*) The company redeemed debentures on 1st April 2017 and raised bank loan on the last day of financial year.

You are required to prepare cash flow statement as per AS 3 (revised) with working notes.