

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2023-24)

B.Com. DEGREE EXAMINATION APRIL 2026
COMMERCE
SIXTH SEMESTER

COURSE : MAJOR CORE
PAPER : CORPORATE ACCOUNTING
SUBJECT CODE : 23CM/MC/CA64
TIME : 3 HOURS

MAX. MARKS: 100

SECTION A				
Q.No.	Answer all the questions	(5 x 2 = 10)	CO	KL
1.	What is Interim Dividend?		1	1
2.	State the three objectives of cash flow statement, as stated in AS-3.		1	1
3.	Explain the types of share capital alteration.		1	1
4.	What is meant by yield value of shares?		1	1
5.	How is profit prior to incorporation treated?		1	1
SECTION B				
Q.No.	Answer all the questions	(5 x 2 = 10)	CO	KL
6.	Under what heads the following items will appear in the final accounts as per Schedule VI a. Securities Premium b. Provision for Taxation c. Prepaid expenses d. Investments		2	2
7.	Raj Ltd. was incorporated on 1 st May 2023 to purchase the running business of Vinay & Co., with effect from 1 st January 2023. The company obtained Certificate of Commencement of business on 24 th August 2023. Calculate the time ratio, if the accounts were finalized on 31 st December 2023.		2	2
8.	Calculate the net cash flow from financing activities from the following details: Issue of debenture for cash Rs.20,00,000 Long term loan from bank Rs.5,00,000 Redemption of preference shares Rs.6,00,000 Purchase of land Rs.9,00,000		2	2
9	Calculate the amount of goodwill on the basis of three years 'purchase of the last five years' average profits. The profits for the last five years are: I-Rs.9,600, II – Rs.14,400, III- Rs.20,000 IV- 6,000,V- 10,000.		2	2
10.	On 31.12.2018, A Ltd has 10,000 Equity shares of Rs.10 each as authorized capital and the shares were all issued on which Rs.8 was paid up. In June, 2019 the company in general meeting decided to subdivide each share into two shares of Rs.5 each, Rs.4 paid up. In June, 2020 the company in general meeting resolved to consolidate 20 shares of Rs.5 each, Rs.4 per share paid up into one share of Rs.100 each, Rs.80 paid up. Pass Journal entries.		2	2

Q. No.	SECTION C		CO	KL																																																																																								
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11.	From the following information for the year ended 31.3.22 of M/s Vogue Ltd. Calculate: i) Maximum Remuneration payable to part time directors, when there is no managing director or manager or whole time director in the company. ii) Maximum remuneration payable to part time directors when there is a managing director in the company. iii) Overall maximum remuneration payable to managerial personnel u/s 197.		3	3																																																																																								
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	Additional Information: i) No provision has been made for bonus payable to employees for the current year. Company's liability for current year in accordance with the payment of Bonus Act stands at Rs. 40,000. Normal practice is to charge bonus in the year of payment. ii) Original cost and written down value of fixed assets sold were Rs.1,50,000 and Rs.1,30,000 respectively. iii) Actual expenses in repairs and renewals were Rs. 54,000. iv) Depreciation as per the Companies Act Rs.85,000.																																																																																											

12.	<p>Ram Ltd. was incorporated on 1st July,2004, which took over a running concern with effect from 1st January 2004.The sales for the period upto 1st July, 2004 were Rs.2,70,000 and the sales from 1st July,2004 to 31st December 2004 amounted to Rs.3,30,000.</p> <p>The expenses debited to Profit & Loss A/c included:</p> <table style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">Rs.</td> </tr> <tr> <td>i) Director's Fees</td> <td style="text-align: right;">15,000</td> </tr> <tr> <td>ii) Bad Debts</td> <td style="text-align: right;">1,800</td> </tr> <tr> <td>iii) Advertisement (Rs.500 per month)</td> <td style="text-align: right;">6,000</td> </tr> <tr> <td>iv) Salaries and General Expenses</td> <td style="text-align: right;">32,000</td> </tr> <tr> <td>v) Preliminary Expenses written off</td> <td style="text-align: right;">3,000</td> </tr> </table> <p>The Gross profit was (01.01.2004 to 31.12.2004) Rs.2,40,000. You are required to prepare a statement showing profit earned by the company in the pre and post incorporation periods.</p>		Rs.	i) Director's Fees	15,000	ii) Bad Debts	1,800	iii) Advertisement (Rs.500 per month)	6,000	iv) Salaries and General Expenses	32,000	v) Preliminary Expenses written off	3,000	3	3																																
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13.	<p>Sumathi Ltd. decided upon a scheme of reconstruction as on 31st March 2011 approved by the court and agreed to by the concerned parties. The summarized balance sheet of the company as on that date was as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Liabilities</th> <th style="width: 10%;">Rs.</th> <th style="width: 40%;">Assets</th> <th style="width: 10%;">Rs.</th> </tr> </thead> <tbody> <tr> <td>Share capital:</td> <td></td> <td>Fixed Assets:</td> <td></td> </tr> <tr> <td>2,000 6% Preference Shares of Rs.100 each</td> <td style="text-align: right;">2,00,000</td> <td>Land & Buildings</td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>3,000 Equity Shares of Rs.100 each</td> <td style="text-align: right;">3,00,000</td> <td>Plant & Machinery</td> <td style="text-align: right;">1,00,000</td> </tr> <tr> <td>Creditors</td> <td style="text-align: right;">1,00,000</td> <td>Current Assets:</td> <td></td> </tr> <tr> <td></td> <td></td> <td>Stock</td> <td style="text-align: right;">1,00,000</td> </tr> <tr> <td></td> <td></td> <td>Debtors</td> <td style="text-align: right;">1,40,000</td> </tr> <tr> <td></td> <td></td> <td>Cash at Bank</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td></td> <td></td> <td>Miscellaneous Expenditure:</td> <td></td> </tr> <tr> <td></td> <td></td> <td>Profit & Loss A/c</td> <td style="text-align: right;">2,00,000</td> </tr> <tr> <td></td> <td style="text-align: right;">6,00,000</td> <td></td> <td style="text-align: right;">6,00,000</td> </tr> </tbody> </table> <p>The main features of the reconstruction scheme were as under:</p> <ol style="list-style-type: none"> a) Each existing 6% preference share would be written down from Rs.100 to Rs.80 of which Rs.50 will be represented by 7.5 % preference shares and Rs.30 by equity shares. b) Each existing equity share would be written down from Rs.100 to Rs.20. c) Both classes of shares will then be sub – divided into shares of Rs.10 each. d) Reduction of capital would be used to writing down plant and machinery by Rs.20,000; Stock by Rs.20,000; and Debtors by Rs.40,000. <p>Pass necessary Journal entries</p>	Liabilities	Rs.	Assets	Rs.	Share capital:		Fixed Assets:		2,000 6% Preference Shares of Rs.100 each	2,00,000	Land & Buildings	50,000	3,000 Equity Shares of Rs.100 each	3,00,000	Plant & Machinery	1,00,000	Creditors	1,00,000	Current Assets:				Stock	1,00,000			Debtors	1,40,000			Cash at Bank	10,000			Miscellaneous Expenditure:				Profit & Loss A/c	2,00,000		6,00,000		6,00,000	3	3
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14.	<p>Answer any two questions (2 x 10 = 20)</p> <p>Following particulars are available in respect of the business carried on by a trader:</p> <ol style="list-style-type: none"> i) Profits earned for three years : 2018-19 Rs.2, 00,000; 2019-20 Rs.2,40,000; 2020-21 Rs.2, 20,000. ii) Normal rate of return 10% iii) Capital Employed Rs.12,00,000 iv) Profit of 2019-20 included non-recurring income on an average basis of Rs.6,000. 	4	4																																												

	<p>v) Profit of 2018-19 is reduced by Rs.10,000 due to stock destroyed by fire.</p> <p>vi) Profits of 2020-21 include income from investment Rs.4,000.</p> <p>vii) During 2019-20 closing stock was undervalued by Rs.10,000.</p> <p>viii) The stock is not insured and it is thought prudent to insure the stock in future. The insurance premium is estimated at Rs.3,000 p.a.</p> <p>You are required to calculate the value of goodwill as per 5 years purchase of super profits.</p>																																																														
15.	<p>New company Ltd. was formed on 1st January 2022 with an authorized capital of Rs.7, 00,000 divided into 50,000 equity shares of Rs.10 each and 2,000 preference shares of Rs.100 each, to acquire the business of William as a going concern. The Balance sheet of William as at 31st December 2022 is given below;</p> <table border="1" data-bbox="168 506 1344 810"> <thead> <tr> <th>Liabilities</th> <th>Rs.</th> <th>Assets</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Sundry Creditors</td> <td>7,500</td> <td>Cash at bank</td> <td>3,800</td> </tr> <tr> <td>A's Loan A/c</td> <td>15,500</td> <td>Sundry Debtors</td> <td>9,700</td> </tr> <tr> <td>William Capital A/c</td> <td>1,57,000</td> <td>Stock-in-trade</td> <td>36,000</td> </tr> <tr> <td></td> <td></td> <td>Furniture</td> <td>3,500</td> </tr> <tr> <td></td> <td></td> <td>Plant & Machinery</td> <td>70,000</td> </tr> <tr> <td></td> <td></td> <td>Land & Buildings</td> <td>57,000</td> </tr> <tr> <td></td> <td>1,80,000</td> <td></td> <td>1,80,000</td> </tr> </tbody> </table> <p>The purchase consideration was to be discharged by New company Ltd. by the issue of 15,000 equity shares of Rs.10 each, 500 preference shares of Rs.100 each and 20,000 in cash. New company Ltd. also agreed to discharge the sundry creditors but declined to accept A's Loan. All the assets of the old company were taken over at their balance sheet values except stock which was valued at Rs. 40,000. A provision of 5% was created against sundry debtors.</p> <p>To provide necessary working capital and to pay the purchase consideration, the remaining equity shares were issued at a premium of 10% and all cash was duly received. The preliminary expenses amounting to Rs.15,000 were paid by the company immediately after the issue. Show the Journal entries in the books of the New company limited.</p>	Liabilities	Rs.	Assets	Rs.	Sundry Creditors	7,500	Cash at bank	3,800	A's Loan A/c	15,500	Sundry Debtors	9,700	William Capital A/c	1,57,000	Stock-in-trade	36,000			Furniture	3,500			Plant & Machinery	70,000			Land & Buildings	57,000		1,80,000		1,80,000	4	4																												
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16.	<p>Ascertain net cash flow from operations for the year 1999 from the following balance sheets:</p> <table border="1" data-bbox="168 1213 1414 1902"> <thead> <tr> <th>Liabilities</th> <th>1998 Rs.</th> <th>1999 Rs.</th> <th>Assets</th> <th>1998 Rs.</th> <th>1999 Rs.</th> </tr> </thead> <tbody> <tr> <td>Share capital</td> <td>5,00,000</td> <td>5,00,000</td> <td>Building 3,00,000 Less:depreciation (20,000)</td> <td>2,80,000</td> <td>2,50,000</td> </tr> <tr> <td>8% debentures</td> <td>2,00,000</td> <td>2,00,000</td> <td>Building 3,00,000 Less:depreciation (50,000)</td> <td></td> <td></td> </tr> <tr> <td>General reserve</td> <td>1,00,000</td> <td>1,40,000</td> <td>Machinery 2,00,000 Less:depreciation (30,000)</td> <td>1,70,000</td> <td>1,85,000</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Machinery 2,40,000 Less:depreciation (55,000)</td> <td></td> <td></td> </tr> <tr> <td>P & L A/c</td> <td>50,000</td> <td>1,20,000</td> <td>Closing stock</td> <td>1,40,000</td> <td>2,60,000</td> </tr> <tr> <td>Trade creditors</td> <td>40,000</td> <td>70,000</td> <td>Trade debtors</td> <td>2,00,000</td> <td>3,00,000</td> </tr> <tr> <td>Bills payable</td> <td>30,000</td> <td>20,000</td> <td>Cash at bank</td> <td>1,40,000</td> <td>67,000</td> </tr> <tr> <td>Outstanding exp.</td> <td>10,000</td> <td>12,000</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>9,30,000</td> <td>10,62,000</td> <td></td> <td>9,30,000</td> <td>10,62,000</td> </tr> </tbody> </table>	Liabilities	1998 Rs.	1999 Rs.	Assets	1998 Rs.	1999 Rs.	Share capital	5,00,000	5,00,000	Building 3,00,000 Less:depreciation (20,000)	2,80,000	2,50,000	8% debentures	2,00,000	2,00,000	Building 3,00,000 Less:depreciation (50,000)			General reserve	1,00,000	1,40,000	Machinery 2,00,000 Less:depreciation (30,000)	1,70,000	1,85,000				Machinery 2,40,000 Less:depreciation (55,000)			P & L A/c	50,000	1,20,000	Closing stock	1,40,000	2,60,000	Trade creditors	40,000	70,000	Trade debtors	2,00,000	3,00,000	Bills payable	30,000	20,000	Cash at bank	1,40,000	67,000	Outstanding exp.	10,000	12,000					9,30,000	10,62,000		9,30,000	10,62,000	4	4
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SECTION E

Q.No.	Answer any two questions	(2 x 20 = 40)	CO	KL																																																																																								
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	<table border="1"> <thead> <tr> <th>Debit</th> <th>Rs.</th> <th>Credit</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>Authorized capital: 2,000 equity shares of Rs.100 each</td> <td style="text-align: right;">2,00,000 -----</td> </tr> <tr> <td>Stock 1.1.2016</td> <td style="text-align: right;">7,000</td> <td></td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">30,000</td> <td>Issued share capital</td> <td style="text-align: right;">1,00,000</td> </tr> <tr> <td>Wages</td> <td style="text-align: right;">8,000</td> <td>Rent received</td> <td style="text-align: right;">3,500</td> </tr> <tr> <td>Carriage Inwards</td> <td style="text-align: right;">2,000</td> <td>Sales</td> <td style="text-align: right;">1,05,000</td> </tr> <tr> <td>Building</td> <td style="text-align: right;">50,000</td> <td>Sundry creditors</td> <td style="text-align: right;">16,800</td> </tr> <tr> <td>Motor Vehicle</td> <td style="text-align: right;">37,000</td> <td>Bank overdraft</td> <td style="text-align: right;">12,200</td> </tr> <tr> <td>Sundry debtors</td> <td style="text-align: right;">9,600</td> <td>Profit & Loss A/c</td> <td style="text-align: right;">22,500</td> </tr> <tr> <td>Salaries</td> <td style="text-align: right;">15,000</td> <td></td> <td></td> </tr> <tr> <td>Bank Interest & Charges</td> <td style="text-align: right;">400</td> <td></td> <td></td> </tr> <tr> <td>Travelling expenses</td> <td style="text-align: right;">4,000</td> <td></td> <td></td> </tr> <tr> <td>Machinery</td> <td style="text-align: right;">80,000</td> <td></td> <td></td> </tr> <tr> <td>Discount allowed</td> <td style="text-align: right;">1,500</td> <td></td> <td></td> </tr> <tr> <td>Cash in hand & at Bank</td> <td style="text-align: right;">1,000</td> <td></td> <td></td> </tr> <tr> <td>Printing & Stationery</td> <td style="text-align: right;">2,000</td> <td></td> <td></td> </tr> <tr> <td>Repairs & renewals</td> <td style="text-align: right;">1,500</td> <td></td> <td></td> </tr> <tr> <td>Directors' remuneration</td> <td style="text-align: right;">2,500</td> <td></td> <td></td> </tr> <tr> <td>Audit fees</td> <td style="text-align: right;">500</td> <td></td> <td></td> </tr> <tr> <td>Calls-in -arrears</td> <td style="text-align: right;">3,000</td> <td></td> <td></td> </tr> <tr> <td>Interim dividend</td> <td style="text-align: right;">5,000</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">2,60,000</td> <td></td> <td style="text-align: right;">2,60,000</td> </tr> </tbody> </table>	Debit	Rs.	Credit	Rs.			Authorized capital: 2,000 equity shares of Rs.100 each	2,00,000 -----	Stock 1.1.2016	7,000			Purchases	30,000	Issued share capital	1,00,000	Wages	8,000	Rent received	3,500	Carriage Inwards	2,000	Sales	1,05,000	Building	50,000	Sundry creditors	16,800	Motor Vehicle	37,000	Bank overdraft	12,200	Sundry debtors	9,600	Profit & Loss A/c	22,500	Salaries	15,000			Bank Interest & Charges	400			Travelling expenses	4,000			Machinery	80,000			Discount allowed	1,500			Cash in hand & at Bank	1,000			Printing & Stationery	2,000			Repairs & renewals	1,500			Directors' remuneration	2,500			Audit fees	500			Calls-in -arrears	3,000			Interim dividend	5,000				2,60,000		2,60,000			
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	<p>Adjustments:</p> <ul style="list-style-type: none"> i) Closing stock on 31.12.2016 was Rs.6,000 ii) Outstanding Wages were Rs.1,000 iii) Depreciate machinery by Rs.2,000, Building by Rs.7,000 and Motor vehicle by Rs.620. iv) Directors declared a final dividend at 20% on paid up capital. v) Create a provision for bad debts at 5% on debtors. vi) There is a contingent liability of Rs.2,000 for the compensation claim against the company pending in the court. <p>You are required to prepare Profit & Loss account for the year ended 31.12.2016 and Balance Sheet as on that date.</p>																																																																																											

18.	<p>Under the articles of a private limited company dealing in wines and tobacco, You, as an auditor, have to annually fix the fair value of the shares. On 31st December 2008, the company's position was as follows:</p> <table border="1" data-bbox="180 279 1386 884"> <thead> <tr> <th>Liabilities</th> <th>Rs.</th> <th>Assets</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>1,000, 8% Preference Shares of Rs.100 each, fully paid</td> <td>1,00,000</td> <td>Building at Cost</td> <td>80,000</td> </tr> <tr> <td>4,000 Equity Shares of Rs.100 each fully paid</td> <td>4,00,000</td> <td>Furniture at Cost</td> <td>3,000</td> </tr> <tr> <td>Reserve Fund</td> <td>1,50,000</td> <td>Stock (market value)</td> <td>4,50,000</td> </tr> <tr> <td>Profit and Loss A/c:</td> <td></td> <td>4% Govt. Securities at Cost (face value Rs.4,00,000)</td> <td>3,80,000</td> </tr> <tr> <td>Balance on 01.01.2008 80,000</td> <td></td> <td>Book debts 3,00,000 Less: Provision (20,000)</td> <td>2,80,000</td> </tr> <tr> <td>Profit for 2008 <u>4,30,000</u></td> <td>5,10,000</td> <td>Preliminary Expenses</td> <td>10,000</td> </tr> <tr> <td>Provision against:</td> <td></td> <td>Cash and Bank balances</td> <td>60,000</td> </tr> <tr> <td>Building 10,000</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Investment <u>45,000</u></td> <td>55,000</td> <td></td> <td></td> </tr> <tr> <td>Creditors</td> <td>48,000</td> <td></td> <td></td> </tr> <tr> <td></td> <td>12,63,000</td> <td></td> <td>12,63,000</td> </tr> </tbody> </table> <p>You are given the following information :</p> <ol style="list-style-type: none"> The company's prospects for 2009 are equally good. The buildings are now worth Rs.3,50,000. Public companies doing similar business show a profit earning capacity of 15%. Profits for the past three years have shown an increase of Rs. 50,000 annually. Provide for income tax at 50% and goodwill is to be valued at three years' purchase of super profits. Calculate the fair value of shares, as on 31st December 2008. 	Liabilities	Rs.	Assets	Rs.	1,000, 8% Preference Shares of Rs.100 each, fully paid	1,00,000	Building at Cost	80,000	4,000 Equity Shares of Rs.100 each fully paid	4,00,000	Furniture at Cost	3,000	Reserve Fund	1,50,000	Stock (market value)	4,50,000	Profit and Loss A/c:		4% Govt. Securities at Cost (face value Rs.4,00,000)	3,80,000	Balance on 01.01.2008 80,000		Book debts 3,00,000 Less: Provision (20,000)	2,80,000	Profit for 2008 <u>4,30,000</u>	5,10,000	Preliminary Expenses	10,000	Provision against:		Cash and Bank balances	60,000	Building 10,000				Investment <u>45,000</u>	55,000			Creditors	48,000				12,63,000		12,63,000	5	5
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19.	<p>Summarized balance sheet of K Ltd as on 31.12.2021 and 31.12.2022 are as follows:</p> <table border="1" data-bbox="180 1211 1409 1686"> <thead> <tr> <th>Liabilities</th> <th>2021 Rs.</th> <th>2022 Rs.</th> <th>Assets</th> <th>2021 Rs.</th> <th>2022 Rs.</th> </tr> </thead> <tbody> <tr> <td>Share capital</td> <td>4,50,000</td> <td>4,50,000</td> <td>Fixed Assets</td> <td>4,00,000</td> <td>3,20,000</td> </tr> <tr> <td>General Reserve</td> <td>3,00,000</td> <td>3,10,000</td> <td>Investments</td> <td>50,000</td> <td>60,000</td> </tr> <tr> <td>P & L A/c</td> <td>56,000</td> <td>68,000</td> <td>Stock</td> <td>2,40,000</td> <td>2,10,000</td> </tr> <tr> <td>Creditors</td> <td>1,68,000</td> <td>1,34,000</td> <td>Debtors</td> <td>2,10,000</td> <td>4,55,000</td> </tr> <tr> <td>Tax Provision</td> <td>75,000</td> <td>10,000</td> <td>Bank</td> <td>1,49,000</td> <td>1,97,000</td> </tr> <tr> <td>Mortgage Loan</td> <td>----</td> <td>2,70,000</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td><u>10,49,000</u></td> <td><u>12,42,000</u></td> <td></td> <td><u>10,49,000</u></td> <td><u>12,42,000</u></td> </tr> </tbody> </table> <p>Additional Details</p> <ol style="list-style-type: none"> Investments costing Rs.8, 000 were sold for Rs.8, 500. Tax provision made during the year was Rs.9,000 During the year, part of the fixed assets costing Rs.10,000 was sold for Rs.12, 000 and the profit was included in P & L Account. You are required to prepare the cash flow statement for 2022. 	Liabilities	2021 Rs.	2022 Rs.	Assets	2021 Rs.	2022 Rs.	Share capital	4,50,000	4,50,000	Fixed Assets	4,00,000	3,20,000	General Reserve	3,00,000	3,10,000	Investments	50,000	60,000	P & L A/c	56,000	68,000	Stock	2,40,000	2,10,000	Creditors	1,68,000	1,34,000	Debtors	2,10,000	4,55,000	Tax Provision	75,000	10,000	Bank	1,49,000	1,97,000	Mortgage Loan	----	2,70,000					<u>10,49,000</u>	<u>12,42,000</u>		<u>10,49,000</u>	<u>12,42,000</u>	5	5
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20. The following is the Balance sheet of Downhill Ltd. as at 31st 2015:

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Downhill Ltd.
Balance Sheet as at 31st March,2015

	Particulars	Rs.
A	Equity and Liabilities	
1.	Shareholder's Fund	
	a) Share Capital	
	Authorized:	
	Equity shares of Rs.100 each	
	Issued , Subscribed & Paid up:	
	20,000 Equity shares of Rs.100 each fully paid	20,00,000
	b) Reserves and Surplus:	
	Profit and Loss Account	(19,80,000)
	Preliminary Expenses	(20,000)
		-
2.	Non- Current Liabilities	
	12% Debentures	5,00,000
		5,00,000
3.	Current Liabilities	
	a) Trade Payables	3,00,000
	b) Outstanding Debenture Interest	1,20,000
		4,20,000
	Total (1) + (2) + (3)	9,20,000
B	Assets	
1.	Non-Current Assets	
	Fixed Assets:	
	(i) Land and Building	1,50,000
	Plant and Machinery	3,00,000
	Furniture	80,000
	(ii) Goodwill	25,000
		5,55,000
2.	Current Account	
	a) Inventories	2,70,000
	b) Trade Receivables	60,000
	c) Cash and Cash Equivalent	35,000
		3,65,000
	Total (1) + (2)	9,20,000

The following scheme of reconstruction is executed :

- i) Equity shares are reduced by Rs. 95 per share. They are, then, consolidated into 10,000 equity shares of Rs.10 each.
- ii) Debenture holders agree to forego outstanding debenture interest. As a compensation 12% Debentures are converted into 14% Debentures, the amount remaining Rs.5,00,000.
- iii) Creditors are given the option to either accept 50% of their claim in cash in full settlement or to convert their claim into equity shares of Rs.10 each. Creditors for Rs.2,00,000 opt for shares in satisfaction of their claims.
- iv) To make payment to creditors opting for cash payment and to augment working capital the company issues 50,000 equity shares of Rs.10 each at par, the entire amount being payable along with applications. The issue was fully subscribed.
- v) Land and Buildings are revalued at Rs.2,00,000 whereas Plant and Machinery is to be written down to Rs.2,10,000.
- vi) A provision amounting to Rs. 5,000 is to be made for doubtful debts.

Pass journal entries and draft the company's balance sheet immediately after the reconstruction.
