

Roll No. ....

**BBA-305(N)**

**B. B. A. (Third Semester)  
EXAMINATION, Dec., 2013**

**(New Course)**

**Paper Fifth**

**COMPANY ACCOUNTS**

*Time : Three Hours ]*

*[ Maximum Marks : 70*

**Note :** Attempt all questions. All questions carry equal marks. Write on both sides of the page. Don't waste paper.

1. What is meant by forfeiture of Shares ? Describe the procedure for forfeiture of shares. Can the forfeited shares be reissued ?

*Or*

Nav Lakshmi Ltd. issued a prospectus inviting applications for 50000 shares of ₹ 10 each. These shares were issued at par on the following terms :

On application ₹ 3, On allotment ₹ 4, On 1st call ₹ 2 and on final call the balance.

Applications were received on 60000 shares. Allotments were made on the following basis :

- (i) To applicants for 10000 shares — full,
- (ii) To applicants for 20000 shares — 15000 shares,
- (iii) To applicants for 30000 shares — 25000 shares.

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All excess amount paid on application is to be adjusted against amount due on allotment.

The shares were fully called and paid-up except the amount of allotment, first and final call not paid by those applied for 2000 shares of the group applying for 20000 shares.

All the shares on which calls were not paid were forfeited by the Board of Directors, 1000 forfeited shares were re-issued as fully paid on receipt of ₹ 8 per share.

Show the Journal Entries in the books of Nav Lakshmi Ltd.

2. Discuss the treatment of arrears of preference share dividend, debenture interest, preferential creditors and liquidator's remuneration in preparing the Liquidator's Statement of account.

Or

A company went into voluntary liquidation on 31st March, 1994 and the following Balance Sheet was prepared :

Liabilities	Amount (₹)
Subscribed capital:	
19500 Equity shares of ₹ 10 each fully paid	1,95,000
Sundry Creditors :	₹ 24,200
Preferential	
Partly Secured	55,310
(On freehold building)	99,790
Unsecured	1,79,300
Bank Overdraft (Unsecured)	12,000
	3,86,300

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Assets

Amount (₹)

Goodwill	40,000
Patents	10,000
Freehold Building	48,000
Plant	65,500
Stock-in-Trade	56,800
Sundry Debtors	64,820
Cash	2,500
Profit & Loss A/c	98,680
	3,86,300

The liquidator realized the assets as follows :

Freehold Building ₹ 35,000, Plant ₹ 51,000, Stock-in-Trade ₹ 39,000, Sundry Debtors ₹ 58,000 and Cash ₹ 2,500.

The expenses of liquidation amounted to ₹ 1,000 and the liquidator's remuneration was agreed at 2½% on the amount realized and 2% on the amount paid to the unsecured creditors.

You are required to prepare the Liquidator's Final Statement of Account.

3. You are required to prepare a consolidated balance sheet of the following companies from the data furnished below :

Balance Sheet

(as on 31st Dec, 2003)

Liabilities	A Ltd. (₹)	B Ltd. (₹)
Share Capital :		
Equity Share of ₹ 100 each	2,00,000	1,00,000
Reserves	18,000	20,000
Profit & Loss A/c	20,000	4,000
Creditors	6,000	6,000
	2,44,000	1,30,000

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Assets	A Ltd.	B Ltd.
	(₹)	(₹)
Fixed Assets	1,10,000	60,000
Stock	12,000	14,000
Cash	22,000	56,000
Investment:		
750 shares in B at cost	1,00,000	—
	2,44,000	1,30,000

Date of acquisition of shares is 30th June, 2003. The following are the balances of B Ltd. at the beginning of the year:

Reserves ₹ 18,000 and Profit A/c ₹ 2,000.

Or

Distinguish between a holding company and a subsidiary company. State the provisions of the Companies Act, 1956, relating to the preparation of their annual accounts.

4. Distinguish between amalgamation in nature of merger and amalgamation in the nature of purchase. What journal entries are passed in the books of transferor company in the event of amalgamation?

Or

What is Purchase Consideration? How is it determined? Can it exceed the net value of a company?

5. The ahead balances appeared in the books of Aladin Limited as on 31st March, 2004:

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Trial Balance

Particulars	(Dr.) Amount
	(₹)
Stock (1-4-2003)	12,750
Purchases	2,02,500
Manufacturing Expenses	55,000
Salaries and Wages	6,500
Establishment Expenses	2,850
Director's Fees	100
Dividends	4,500
Land	6,000
Buildings	25,250
Plant and Machinery	25,250
Furniture	2,550
Motor Vehicles	2,550
Stores and Spare Parts	9,150
Advances	2,250
Book Debts	25,850
Investments	2,000
Cash in Hand	600
Cash at Bank	20,000
	4,05,650

Particulars	(Cr.) Amount
	(₹)
Sales	2,77,500
Interest	250
Rent Received	400
Profit & Loss A/c (1-4-2003)	7,500
Pension Fund	11,500

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Dividend Equalisation Fund	5,000
Taxation Reserve	4,250
Share Capital	36,000
Trade Creditors	62,000
Unclaimed Dividend	450
Deposits	800
	<b>4,05,650</b>

From the above balances and following information, prepare the Company's Balance Sheet as on 31st March, 2004 and Profit & Loss Account for the year ended on that date :

- Stock on 31st March, 2004 was ₹ 18,300.
- Outstanding Expenses were :  
Manufacturing Expenses ₹ 11,250, Salaries and Wages ₹ 600, Establishment ₹ 500.
- Provided Depreciation :  
Buildings @ 2% p. a., Plant and machinery @ 10% p. a., Furniture @ 10% p. a. and Motor vehicles @ 20% p. a.
- Interest accrued on government securities ₹ 50.
- The authorized capital consists of 6000 equity shares of ₹ 10 each of which 3600 shares are issued and fully paid.

Or

What is divisible profit ? What are various provisions that have been made in Companies Act regarding the distribution of dividend ? Can the dividend be paid out of Reserves ?

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