

BBA-304(O)

B. B. A. (Third Semester) EXAMINATION, Dec., 2014

(Old Course)

Paper Fourth

COMPANY ACCOUNTS

Time : Three Hours]

[Maximum Marks : 75

[Minimum Pass Marks : 26

Note : Attempt all the *five* questions. All questions carry equal marks.

1. What are the various types of Debentures ? Explain the sinking fund method of redemption of debentures giving various journal entries which are made in the books of the company under this method.

Or

Ashoka Limited Company invites applications of 150000 equity shares of ₹ 10 each payable as follow :

On application	₹ 3
On allotment	₹ 4
On first call	₹ 2
On final call	the balance

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Applications were received for 165000 shares. Allotments were made on the following basis :

(i) To applicants for 105000 shares—in full.

(ii) To applicants for 60000 shares—45000 shares.

Excess money paid on application was utilised towards allotment money.

A shareholder who was allotted 4500 share out of the group applying for 60000 shares failed to pay allotment money and money due on calls. These shares were forfeited.

Show the journal entries in the books of company.

2. Give the proforma of the following as far as these are related to a company :

(a) Trading and Profit & Loss Accounting

(b) Balance Sheet

Or

The Ahmedabad Products Limited has an authorized capital of ₹ 10,00,000 divided into 10000 equity shares of ₹ 100 each. Their Trial Balance on 31st December, 2012 was as follows :

	₹	₹
Debtures Interest (half year to 30-6-2012)	4,500	
Interim Dividend	40,000	
Salaries	1,20,670	

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Profit & Loss Account		17,800
Trading Account (G. P.)		5,90,200
Selling Expenses	70,890	
Interest	35,600	
General Expenses	1,45,340	
Depreciation	70,200	
Income Tax paid	70,600	
Share Transfer Fees		700
Insurance	6,700	
Buildings	7,70,900	
Furniture	48,300	
Preliminary Expenses	14,000	
Subscribed Capital		6,00,000
General Reserve		1,50,000
Provision for Taxation		1,80,000
Sundry Creditors		1,40,000
Bank Loan		2,00,000
Loan to Director	20,000	
Closing Stock	2,17,400	
Sundry Debtors	4,16,400	
Cash and Bank Balances	35,300	
Outstanding Expenses		27,200
5% Debtures		1,80,000
	20,86,800	20,86,800

You are required to prepare the final accounts of the company taking into consideration the following information :

- (i) Depreciation upto 31st Dec., 2012 on Building amounts to ₹ 2,70,500 and on Furniture ₹ 10,700.
- (ii) On 1st April, 2012 the company issued Bonus Shares of the face value of ₹ 1,00,000 to the shareholders of the company.
- (iii) During the year loan was made to a Director of the company of ₹ 25,000 of which he repaid ₹ 5,000 on 31st December, 2012.
- (iv) A sum of ₹ 85,000 is to be carried forward in respect of income-tax liability for the year ending 31st December, 2011 and provision in respect of the profits of the year is to be made at 45 per cent.
- (v) Sundry Debtors include ₹ 1,500 for calls in arrears.
- (iv) The Directors have proposed final dividend @ ₹ 3 per share.

3. Distinguish between amalgamation, absorption and reconstruction of a company. Give the journal entries to be made in the books of vendor company in case of absorption of a company.

Or

The given ahead is the Balance Sheet of X Ltd. as at 31-3-2009 :

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Balance Sheet

	₹
Share Capital :	
2000, 6% Preference shares of ₹ 10 each	20,000
6000 Equity shares of ₹ 10 each	60,000
General Reserve	10,000
7% Debentures	10,000
Depreciation Fund	2,000
Creditors	20,000
	1,22,000

	₹
Fixed Assets	1,02,000
Preliminary Expenses	6,000
Discount on Debentures	2,000
Profit & Loss	12,000
	1,22,000

Assets are worth their book value. Dividends on the preference shares are two years in arrears. Debentures Interest is owing for one year. Find out the value of shares :

- (a) When Pref. Shares have priority for repayment of capital only.
- (b) When Pref. Shares have no priority for repayment for capital and dividend.
- (c) When Pref. Shares have priority as to payment of capital and arrears of dividend.
- (d) When Pref. Shares have no priority for capital but for arrears of dividend.

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4. Explain the following methods of valuation of goodwill :

- Expected Average Profit method
- Super profit method
- Capitalisation method

Or

The Balance Sheet of R & Co. Ltd., as on 31st March, 2014 was as follow :

Balance Sheet

	₹	
Share Capital :		
64000 6% Preference Shares of ₹ 10 each fully paid	6,40,000	
192000 Equity shares of ₹ 5 each fully paid	9,60,000	
5% Debentures	3,84,000	
Creditors	6,40,000	26,24,000
	₹	
Land and Buildings	7,68,000	
Plant and Machinery	7,20,000	
Goodwill	4,48,000	
Stock	1,28,000	
Debtors	1,92,000	
Cash	19,200	
Bills Receivable	64,000	
Profit & Loss Account	₹ 2,88,000	
Less : General Reserve	₹ 3,200	
		26,24,000

Upon revaluation of the assets, it was found that goodwill as worthless and that other assets were overvalued to the following extent :

Land and Buildings by ₹ 1,28,000 and Plant and Machinery by ₹ 1,76,000. A provision for doubtful debts to the extent of ₹ 16,000 was necessary.

The following scheme of re-organisation was sanctioned by the Court :

- The Creditors to accept 6% debentures to the extent of 50 per cent of their claims, the balance to be paid in cash six months after the date.
 - The preference shares to be reduced to ₹ 5 each paid up.
 - The equity shares to be reduced to ₹ 1 each paid up.
 - The assets to be reduced to the revalued figures and the debit balance of Profit & Loss Account to be wiped out.
- Draft journal entries to give effect to the above scheme and prepare the revised Balance Sheet of the company.

5. Write short notes on any two of the following :

- Valuation of shares
- Pre and post incorporation profits
- Holding Company Accounts
- Issue of shares at premium and their forfeitures
- Insurance Claims

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Or

Summarised Balance Sheets of X Ltd. and Y Ltd., are given as on 31st March, 2013 as under :

Capital and Liabilities	X Ltd. (₹)	Y Ltd. (₹)
Share capital each share of (₹ 10 face value)	10,00,000	2,50,000
Reserves (on 1-4-2012)	1,50,000	60,000
For 2012-13	50,000	20,000
Profit & Loss Balance (1-4-2012)	60,000	40,000
Profit & Loss for 2012-13	1,50,000	70,000
Bills Payable	50,000	30,000
Creditors	2,00,000	1,00,000
	16,60,000	5,70,000

Assets	X Ltd. (₹)	Y Ltd. (₹)
Goodwill	1,00,000	50,000
Fixed Assets	7,00,000	3,00,000
Stock	2,00,000	1,00,000
Debtors	3,40,000	70,000
Investments	2,40,000	—
Cash	80,000	50,000
	16,60,000	5,70,000

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Additional Informations :

- X Ltd. had purchased 15000 shares in Y Ltd. on 30th September, 2012 for ₹ 1 Lakh 90 thousand.
- Debtors of X Ltd. includes ₹ 20,000 payable by Y Ltd.
- Stock of Y Ltd. includes goods amounting ₹ 10,000 purchased from X Ltd., which X Ltd. sold at cost plus 25%.

Prepare Consolidated Balance Sheet.

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