

Roll No. ....

**BBA-305(N)**

**B. B. A. (Third Semester)  
EXAMINATION, Dec., 2012**

(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. State the purposes for which the balance in the Securities Premium Account be utilised by the company. Give journal entries made in the books of the company issue, forfeiture and reissue of forfeited shares when the shares are issued at premium.

*Or*

ACC Limited issued a prospectus inviting application for 2,000 shares of ₹ 10 each at a premium of ₹ 2 per share payable as follows : On Application ₹ 2, on Allotment ₹ 5 including premium, on First Call ₹ 3, on Second Call ₹ 2. Applications were received for 3,000 shares and allotment was made *pro-rata* to the application of 2,400 shares. Money paid on 600 shares was fully paid back. Money over paid on application was employed on account of sum due on allotment. Swadesh to whom 40 shares were allotted, failed to pay the allotment money

and on his subsequent failure to pay the First Call, his shares were forfeited. Abhishek the holder of 60 shares failed to pay the two calls and his shares were forfeited after the second call. Of the shares forfeited, 80 shares were sold to Jayanti credited as fully paid, for ₹ 9 per share, the whole of Swadesh's shares being included in the shares re-issued. Give Journal and Cash Book Entries in the books of the Company and also show the Balance Sheet.

2. Define amalgamation. What are the journal entries made in the books of transferor company in case of amalgamation of companies ?

Or

The Balance Sheets of two companies are as follow :

B/S of Yamini Ltd. (as on 31st March, 2008)

<i>Liabilities</i>	₹	<i>Assets</i>	₹
<i>Share Capital :</i>		<i>Fixed Assets :</i>	
95,000 Equity		Land and Buildings	3,00,000
Shares of ₹ 10		Plant and Machinery	5,00,000
each	9,50,000	Furniture	1,50,000
Statutory Reserve		<i>Current Assets :</i>	
(Development		Stock in Trade	4,00,000
Allowance		Debtors	7,00,000
Reserve)	75,000	Cash in Hand	2,50,000
General Reserve	2,00,000	Cash at Bank	5,00,000
Capital Reserve	1,75,000	<i>Misc. Expenditures :</i>	
P & L A/c	6,00,000	Preliminary expenses	1,00,000
Creditors	9,00,000		
Total	29,00,000	Total	29,00,000



## Balance Sheet of Usha Ltd. (as on 31st March, 2008)

<i>Liabilities</i>	₹	<i>Assets</i>	₹
<i>Share Capital :</i>		<i>Fixed Assets :</i>	
80,000 Equity Shares of ₹ 10 each	8,00,000	Machinery	2,00,000
Statutory Reserve (Investment Allowance Reserve)	1,00,000	Furniture	50,000
General Reserve	1,50,000	Freehold Premises	3,50,000
Creditors	4,00,000	<i>Current Assets :</i>	
10% Debentures	4,00,000	Stock in Trade	8,00,000
		Debtors	2,50,000
		Cash at Bank	1,90,000
		<i>Misc. Expenditure :</i>	
		Profit and Loss	10,000
<b>Total</b>	<b>18,50,000</b>	<b>Total</b>	<b>18,50,000</b>

On 31st March, 2008 both the companies agreed to amalgamate and form a new company called Roopali Ltd., which takes over all the assets and liabilities of both the companies at their existing value. The consideration is agreed at ₹ 18,00,000 and ₹ 10,50,000 for Yamini Ltd. and Usha Ltd. respectively. Consideration paid by Roopali Ltd. in the form of its fully paid equity shares of ₹ 10 each. Expenses of amalgamation ₹ 10,000 borne by Roopali Ltd. 10% Debentures of Usha Ltd. are converted into identical number of Roopali Ltd. 10% debentures.

Pass the journal entries in the books of Yamini Ltd. and Roopali Ltd. and prepare the Balance Sheet after the merger.

3. Show the treatment of dividend received by the parent company from the subsidiary enterprise. Also explain inter-company indebtedness and notes regarding contingent liability in the context of consolidated financial statements.

Or

The following balance sheets as on 31-12-2008 are presented to you :

<i>Liabilities</i>	H. Ltd. (₹)	S. Ltd. (₹)
Share Capital (Shares of ₹ 100 each)	5,00,000	2,00,000
General Reserve	1,00,000	—
P. & L. A/c	80,000	—
6% Debentures	—	1,00,000
Creditors	70,200	45,000
Loan from S Ltd.	4,800	—
<b>Total</b>	<b>7,55,000</b>	<b>3,45,000</b>
<i>Assets :</i>		
Fixed Assets	3,50,000	1,50,000
Stock	90,000	40,000
Debtors	60,000	30,000
6% Debentures in S Ltd. at cost	60,000	—
1,500 Shares in S Ltd. @ ₹ 80 per share	1,20,000	—
P. and L. A/c	—	1,00,000
Cash at Bank	75,000	20,000
Loan to H Ltd.	—	5,000
<b>Total</b>	<b>7,55,000</b>	<b>3,45,000</b>

H Ltd. acquired the shares on 1 May, 2008. The profit and loss account of S Ltd. showed a debit balance of ₹ 1,50,000 on 1 January, 2008. During March, 2008, goods costing ₹ 6,000 were destroyed against which the insurance Co. paid only ₹ 2,000. Trade creditors of S Ltd. include ₹ 20,000 for goods supplied by H Ltd. on which H Ltd. made a profit of ₹ 20,000. Half of the goods were still in stock on 31st December, 2008. On 31st December, 2008, H Ltd. remitted cash ₹ 500 for loan received from S Ltd. Interest accrued ₹ 300 for loan to H Ltd. has not been provided by S Ltd. Prepare the Consolidated Balance Sheet.

4. In regard to liquidation of companies describe preferential creditors according to the Companies Act, 1956. Explain the Liquidator's Final Statement of Account and give its pro forma.

Or

Funny Fashion Ltd. went into voluntary liquidation on 1st January, 2012. The Liquidator is to be paid remuneration at 3% on the amount realised on sale of assets and 2% on amount distributed to shareholders. The liquidator sold out all the assets of the Company. On January 1, 2008, Company's position was as under :

	₹
Cash realised on Sale of Assets	7,00,000
Liquidation Expenses	12,600
Creditors (including salaries for one month ₹ 8,400)	95,200

P. T. O.



7,000, 6% Preference Shares of ₹ 30 each  
(on which dividend is in arrear for one year) 2,10,000  
14,000 Equity Shares of ₹ 10 each, ₹ 9 per  
share called and paid 1,26,000

General Reserve ₹ 1,68,000; P & L A/c ₹ 28,000.

Under Articles of Association of the Company the Preference Shareholders have a right to receive 1/3rd of the surplus remaining after repaying the Equity Share Capital. Prepare Liquidator's Final Statement of Account.

5. The Ahmedabad Products Limited has on Authorized Capital of ₹ 10,00,000 divided into 10,000 Equity Shares of ₹ 100 each. Their Trial Balance on 31st December, 2012 will be as follows :

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