

Seat No. : 2001

NJ-136

December-2015

B.B.A., Sem.-III

CC-205 : Company Accounts

Time : 3 Hours]

[Max. Marks : 70

- Instructions :** (1) Figures to the right indicate marks.
(2) Show calculations as part of your answer.

1. (A) The Balance Sheet of Jashvant Ltd, as on 31-3-2015 is as follows:

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Liabilities	₹	Assets	₹
Equity Shares of ₹ 10 each, ₹ 8 per share paid - up	18,57,600	Plant & Machinery	11,61,000
Profit and Loss A/c	10,44,900	Land & Building	5,80,500
10% Debentures	2,90,250	Debtors	1,16,100
Sundry Creditors	2,90,250	Stock	4,64,400
		Cash & Bank Balance	11,61,000
	34,83,000		34,83,000

At the annual general meeting, the directors resolved:

- (1) To declare a bonus so as to make partly paid up shares fully paid-up and then issue one bonus share for every 5 shares held.
- (2) To repay debentures at 4% Premium.

Pass necessary Journal Entries to record the above resolution and prepare Balance Sheet after above transactions are completed.

OR

- (A) Explain the SEBI guidelines for the issue of Bonus Shares. 7
- (B) (i) Explain the meaning of employee stock option scheme. 3
- (ii) Explain the meaning and conditions of buy back of shares. 4

OR

- (ii) Write journal entries in the book of Jaimin Ltd: (Any one) 4
- (a) A company decides to issue Equity stock in the following manner in exchange of 10,000 Equity Shares of ₹ 100 each fully paid.
- (1) At the rate of ₹ 102 for each share.
- (2) At the rate of ₹ 98 for each share.
- (b) Priyanka Ltd. purchased it 50,320 equity shares of ₹ 10 each at ₹ 15 per share. No fresh issue was made for the purpose. The company has ₹ 7,10,400 in General Reserve and ₹ 59,200 in securities Premium.

2. (A) The following items appeared in the trial balance of Kailash Ltd, on 31-3-2015. 7

Particulars	Debit ₹	Credit ₹
Provision for Income – tax (01-04-2014)	–	1,11,400
Advance payment of Income – tax (01-04-2014)	83,550	–
Advance payment of Income – tax (Paid during the current year)	1,11,400	–
Profit and loss A/C (01-04-2014)	–	1,67,100

Assessment in respect of income – tax of 2013 – 14 was completed during the current Year and income tax liability of ₹ 1,22,540 has been determined. Current year's profit of the company was ₹ 2,78,500 and company pay income tax at the rate of 50%.

From the above mentioned information pass necessary journal entries and show its effects in the final accounts of the Company.

- (B) Prepare a vertical Balance Sheet with imaginary figures. 7

OR

The following is the Trial Balance of Ekta Ltd, as on 31st March, 2015.

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Particulars	Debit ₹	Credit ₹
Equity Share Capital (₹ 100)		3,00,000
General Reserve		1,30,000
Debenture Redemption Fund		50,000
Security Premium		65,000
Debenture Redemption Fund Investment	50,000	
Profit and Loss A/c (01-04-2014)		75,000
10% Debentures (Repayable on 31-03-2018)		1,00,000
Unclaimed Dividend		10,000
Debenture Discount	10,000	
Land and Building	1,50,000	
Plant and Machinery	3,00,000	
Furniture	50,000	
Stock (01-04-2014)	80,000	
10% Govt. Loan (F.V. 1,00,000) (Purchased on 01-10-2014)	95,000	
Equity shares of Tata Co. Ltd. of ₹ 100 each, ₹ 50 paid up	50,000	
Debtors and Creditors	1,00,000	90,000
Cash and bank	9,000	39,000
Purchases and sales	37,87,500	41,00,000
Interest on Debentures	7,500	
Other Administrative expenses	75,000	
Sales and Distribution expenses	20,000	
Salary and unpaid salary	60,000	5,000
Interest on D.R.F. Investment		5,000
Advance Income-Tax and Tax deducted at source (2013-14)	75,000	
Advance Income-Tax and Tax deducted at source (2014-15)	1,50,000	
Income Tax Provision (2013-14)		1,00,000
	50,69,000	50,69,000

After considering the following additional information, prepare vertical final accounts of the company for the year ended 31st March, 2015 according to the provision of the Companies Act, 1956.

- (1) The closing stock is ₹ 5,00,000 valued at cost market value is 10% more than the cost.
- (2) Provide depreciation @ 10% on Building and Furniture and @ 20% on Machinery.
- (3) On 01-10-2014, one Machine was purchased for ₹ 1,00,000.
- (4) Provision for Income - Tax is to be made @ 43% of the net profit of the year.
- (5) During the year income Tax assessment for the accounting year 2013-14 has been completed and tax liability is determined at ₹ 1,10,000.
- (6) Interest on debentures is payable every year on 30th June and 31st December.
- (7) The Board has proposed the following appropriations:
 - (i) General Reserve ₹ 1,00,000
 - (ii) Debenture Redemption Fund ₹ 25,000
 - (iii) Dividend on Equity Share capital ₹ 20 per Share

3. The following are the Balance Sheet of Nayan Ltd. and Alpesh Ltd. as on 31-03-2015. 14

Liabilities	Nayan Co. Ltd. (₹)	Alpesh Co. Ltd. (₹)	Assets	Nayan Co. Ltd. (₹)	Alpesh Co. Ltd. (₹)
Equity Share Capital of ₹ 100 each fully Paid up	3,00,000	4,50,000	Land - Building	3,00,000	3,50,000
Securities Premium	60,000		Machinery	2,40,000	1,60,000
P & L A/c.	1,20,000		Investment	60,000	30,000
12% Debentures	1,80,000	1,80,000	Stock	40,000	32,000
Bank Overdraft		30,000	Debtors	60,000	70,000
Debenture Interest	15,000	20,000	Cash Balance	20,000	30,000
Unpaid Creditors	45,000	70,000	Share Discount		18,000
			P & L A/c.		60,000
	7,20,000	7,50,000		7,20,000	7,50,000

Nayan Co. Ltd. and Alpesh Co. Ltd. were amalgamated and from 1st April, 2015, A new Company Bharat Co. Ltd. was formed to amalgamate the two companies with 9,000 equity shares of ₹ 100 each.

- (1) The total Purchase consideration of the companies is ₹ 8,10,000. The purchase consideration for Nayan Co. Ltd. is so fixed that ₹ 72,000 is to be paid to Nayan Co. Ltd. as Goodwill.
- (2) The business of the two companies (except investment of Nayan Co. Ltd. and Bank overdraft of Alpesh Co. Ltd.) are to be taken over, Assets and Liabilities are to be valued at Book Value.
- (3) ₹ 9,000 and ₹ 7,500 will be paid in cash respectively for purchase consideration and for the balance the share of Bharat Co. Ltd. of ₹ 100 each.
- (4) Dissolution expenses of both the companies amounted to ₹ 3,500 and ₹ 1,000 respectively which is to be borne and paid by new company. The preliminary expenses of new company amounted to ₹ 5,000.
- (5) 20% from the remaining shares of Bharat Co. Ltd. were issued to public at 15% premium. All these shares were subscribed for and were fully paid up.

Pass necessary Journal Entries in the book of Bharat Co. Ltd. and also Prepare its Balance Sheet.

OR

The Balance Sheet of Ram Co. Ltd. as on 31-03-2015 is as follows :

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Liabilities	₹	Assets	₹
2500, 8% cumulative Preference Shares, each of ₹ 10	25,000	Goodwill	10,000
Equity shares, each of ₹ 10	1,00,000	Land	50,000
12% Debentures	50,000	Plant	75,000
Creditors	15,000	Furniture	2,500
Provident Fund	2,500	Patents	1,000
Bills Payable	1,000	Stock	15,000
		Debtors 25,000	
		Less: B.D.R. 500	24,500
		Bills Receivable	1,500
		Cash Balance	2,250
		P & L A/c.	11,750
	1,93,500		1,93,500

Ram Co. Ltd. is absorbed by Shyam Co. Ltd. as per the following conditions:

- (1) Preference share holders should be given four non – cumulative 8% Preference shares of ₹ 10 each in Shyam Ltd. for every Five Shares held by them. They should also be paid ₹ 2,000 in cash by Shyam Co. Ltd. in full settlement of their arrears of dividend.
- (2) Equity shareholders should be given four equity shares of ₹ 10 each in Shyam Ltd. for every five shares held by them.
- (3) Debenture holders should be given 10% debentures in Shyam Co. Ltd. of such value as to give them interest annually which they use to receive earlier.
- (4) Shyam Co. Ltd. should take over all assets and Liabilities of Ram Co. Ltd. for this purpose Land and Plant be taken at ₹ 45,000 and ₹ 65,000 respectively. Patents are valueless. Provision for bad debts is to be calculated at 5% on Debtors and remaining at their book value.

Prepare necessary Ledger account to close the books of Ram Co. Ltd. and necessary Journal Entries in the book of Shyam Co. Ltd.

4. (A) Write a note on any one of the following: 5

- (1) Current Purchasing power method.
- (2) Current Cost Accounting Method.

(B) Explain any one of the following: 5

- (1) Benefits of Human Resource Accounting.
- (2) Methods of Valuation of Human Resources

(C) Explain any one of the following: 4

- (1) Role of Forensic Accountant.
- (2) Significance of Environmental Accounting.

5. Do as directed :

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- (1) Equity shares can be issued for the purpose of buyback. (True / False)
- (2) Which of the following items is considered as Contingent Liability for a company ?
 - (a) Proposed dividend
 - (b) Unpaid dividend
 - (c) Unpaid dividend on cumulative preference shares
 - (d) None of the above
- (3) Forensic Accounting detects _____ frauds. (Financial / Non-Financial)
- (4) Waste Management cost are environmental costs. (True / False)
- (5) When company purchases the business of another company _____ comes into existence.
 - (a) Amalgamation
 - (b) Absorption
 - (c) External Reconstruction
 - (d) Internal Reconstruction
- (6) Profit on realization is transferred to _____ Account. (Equity shareholders / Preference shareholders)
- (7) Interest accrued but not due on secured loan is shown under the following head in Balance Sheet.
 - (a) Secured Loan
 - (b) Unsecured Loan
 - (c) any one of (a) and (b)
 - (d) Current Liabilities
- (8) Every Buy Back of shares shall be completed within.
 - (a) 8 months
 - (b) 10 months
 - (c) 11 months
 - (d) 12 months
- (9) "Preliminary expenses not written off" of a company is –
 - (a) an intangible asset
 - (b) a fixed asset
 - (c) a movable asset
 - (d) a fictitious asset
- (10) Which of the following model is not a model based on present value of employees future earnings?
 - (a) Hekimian Model
 - (b) Lev and Schwartz Model
 - (c) Eric Flamholtz Model
 - (d) Jaggi-Lau's Model

(11) Debtors and Bills receivable are monetary assets. (True / False)

(12) Discount on buyback must be credited to

(a) General Reserve

(c) Reserve Capital

(b) Capital Reserve

(d) Reserve Fund

(13) _____ is the excess of net assets over purchase price. (Goodwill/Capital Reserve)

(14) Accounting Standard _____ relates to Amalgamation Accounts (12 /14)
