

**N27-101**

December-2014

**B.B.A., Sem.-III****CC-205 : Company Accounts**

Time : 3 Hours]

[Max. Marks : 70

1. (a) The Balance Sheet of Mahir Ltd. As on 31/3/12 was as under :

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Liabilities	Amt	Assets	Amt
10,500 Equity shares of ₹ 100/- each	10,50,000	Fixed Assets	15,00,000
Securities Premium	60,000	Current Assets :	
Reserve Fund	3,90,000	Bank Balance	4,50,000
Profit & Loss A/c.	4,50,000	Stock	1,05,000
Creditors	1,05,000		
	<b>20,55,000</b>		<b>20,55,000</b>

The company decided to issue bonus shares at the rate of 4 shares for every 7 shares held and for this purpose, it was decided to utilize total amount of Securities Premium ₹ 2,40,000 from Reserve Fund and balance out of P & L A/c. Pass necessary Journal Entries and prepare the Balance Sheet after the bonus issue.

**OR**

Explain the SEBI guidelines for the issue of bonus shares.

- (b) (i) Explain the meaning and conditions of Buyback of shares. 5  
(ii) Explain the meaning of Employee Stock Option Scheme. 2

**OR**

(i) Vinit Ltd. Passed a resolution for buying back 62,500 equity shares of ₹ 5 each fully paid at a premium of 20%. For this purpose, it issued 12% preference shares of ₹ 100 each at par which were fully subscribed. The company has sufficient balances in Revenue Reserves and Securities Premium. Pass Journal Entries to record the above transactions. 4

(ii) A company decided to issue equity stock in the following manner in exchange of 8000 equity shares of ₹ 100 each fully paid. 3

(a) At the rate of ₹ 104 per share.

(b) At the rate of ₹ 96 per share.

2. Following is the Trial Balance of Nitin Ltd. as on 31-3-13 :

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Particulars	Dr. (₹)	Cr. (₹)
Land & Building	3,00,000	
Plant & Machinery	3,60,000	
Goodwill	25,000	
Furniture	7,200	
Opening Stock (1-4-12)	75,000	
Capital-fully called 4600 (equity shares of ₹ 100 each)		4,60,000
Purchases & Sales	1,85,000	4,15,000
Debtors & Creditors	87,000	50,000
General Reserve		25,000
6% Debentures		3,00,000
P/L Appropriate A/c. (Cr.)		14,500
Investments	60,000	
Director's fees	5,740	
Sundry Expenses	24,400	
Salaries	14,500	
Preliminary Expenses	5,000	
Freight	13,100	
Wages	84,800	
Bad Debts & Provision for Bad Debts	2,110	3,500
Bills Payable		38,000
Debenture Interest (upto 30 <sup>th</sup> Sep)	9,000	
Cash on Hand	750	—
Cash at Bank	39,900	
Calls-in-arrears	7,500	
	<b>13,06,000</b>	<b>13,06,000</b>

**Addition Informations :**

- (1) Authorized capital is 6,000 equity shares of ₹ 100 each.
- (2) The value of closing stock was ₹ 1,01,000.
- (3)  $\frac{1}{5}$ th of Preliminary Expenses are to be written off.
- (4) Provide 5% bad debt reserve on debtors.
- (5) Provision for income tax is to be made for ₹ 25,000.
- (6) Transfer ₹ 10,000 to General Reserve.
- (7) Directors recommended 5% dividend on equity share capital.

**OR**

- (a) The following balances are extracted from the Trial Balance of A Ltd. As on 31<sup>st</sup> March 2013 :

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Name of Accounts	Dr. (₹)	Cr. (₹)
Provision for Income tax	–	46,000
Advance Payment of Income tax (1-4-12)	34,500	–
Advance payment of Income tax (paid during current year)	46,000	
Income tax deducted at source	3,450	5,750
Profit & Loss A/c. (1-4-12)	–	69,000

Assessment in respect of income tax of previous year 2011-12 was completed during the current year and the income tax liability of ₹ 50,600 has been determined. Current year's profit of the company was ₹ 1,15,000 and company pays income-tax at the rate of 50%.

From the above information, Pass necessary Journal Entries and show its effects in the Final Accounts of the company.

(b) Write a note on any **two** of the following :

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- (1) Contingent Liabilities & Current Liabilities
- (2) Shareholder's Fund & Capital Employed
- (3) Interim Dividend & Proposed Dividend

3. (a) Explain the difference between pooling of Interest Method and Purchase Method. 7

(b) The Balance Sheet of Amol Ltd. As on 31<sup>st</sup> March 2013 was as follows : 7

Liabilities	Amt	Assets	Amt
Share Capital :		Sundry Assets	9,80,000
5600 shares of ₹ 100 each	5,60,000	Cash Balance	1,40,000
General Reserve	1,96,000		
Debentures	2,80,000		
Creditors	84,000		
	<b>11,20,000</b>		<b>11,20,000</b>

Binal Ltd. Agrees to take over assets (except cash) at a discount of 8% and also take over the liabilities in respect of creditors and debentures. Purchase consideration was to be satisfied by issue of 4200 shares of ₹ 100 each to be valued at a premium of 10% and the balance in cash. Liquidation expenses amounted to ₹ 8,400.

Pass necessary Journal Entries in the books of Binal Ltd. and Realisation Account and Equity Shareholders Account in the books of Amol Ltd.

OR

The Balance Sheets of A Ltd. And B Ltd. As on 31<sup>st</sup> March 2013 were as follows : 14

**Balance Sheet as on 31<sup>st</sup> March, 2013**

<b>Liabilities</b>	<b>A. Ltd.</b> <b>(₹)</b>	<b>B. Ltd.</b> <b>(₹)</b>	<b>Assets</b>	<b>A. Ltd.</b> <b>(₹)</b>	<b>B. Ltd.</b> <b>(₹)</b>
Equity Share Capital (₹ 10)	30,00,000	18,00,000	Building	10,00,000	6,20,000
General Reserve	80,000	1,80,000	Machinery	13,00,000	6,80,000
Export Profit Reserve	1,20,000	80,000	Stock	10,10,000	7,20,000
Investment Allowance Reserve		40,000	Debtors	3,60,000	4,12,000
Profit & Loss A/c.	3,00,000	2,40,000	Cash at Bank	2,90,000	2,08,000
12% Debentures (₹ 100 each)	2,00,000	1,40,000	Preliminary Expenses	–	40,000
Current Liabilities	2,60,000	2,00,000			
	<b>39,60,000</b>	<b>26,80,000</b>		<b>39,60,000</b>	<b>26,80,000</b>

A New Company, C Ltd. was formed to acquire all the assets and liabilities of A Ltd and B Ltd. The terms of acquisition were as under :

- (i) C Ltd. to have an authorized capital of ₹ 2 crores divided into 2,00,000 shares of ₹ 100 each.
- (ii) The total purchase consideration of two companies is fixed at ₹ 48,00,000. This is to be discharged by C Ltd. by issue of equity shares of ₹ 100 each at a premium of 20%.
- (iii) The shareholders of A Ltd and B Ltd to get shares in C Ltd in the ratio of net asset value of their respective shares.

- (iv) The debentures of both the companies to be converted into equivalent number of 13% debentures in C Ltd.
- (v) Export Profit Reserve and Investment allowance reserve to be maintained for 4 more years and 2 more years respectively.
- (vi) The assets of the companies to be valued at :

	<b>A Ltd.</b>	<b>B Ltd.</b>
Building	11,20,000	7,60,000
Machinery	12,80,000	6,40,000

Pass Journal Entries in the books of C Ltd and also prepare the Balance Sheet. Assume that the amalgamation is in the nature of purchase.

4. (a) Attempt any **one** of the following : **5**

- (i) Opportunity cost and historical cost method of valuing human resources.
- (ii) Limitations of Human Resource Accounting

(b) Explain Current Purchasing Power Method of Inflation Accounting. **5**

**OR**

Write a note on current cost accounting method of inflation accounting.

(c) Explain the importance of Environmental Accounting. **4**

**OR**

Explain the meaning of Forensic Accounting and discuss the role of Forensic Accountant.

5. Do as Directed : **14**

- (1) Reserves created by Revaluation of Fixed Assets can be used for issuing Bonus Shares. (true/false)
- (2) Bonus issue results in increase in Share capital and increase in Reserves and Surplus. (true/false)



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