

DE-103

December-2022

BBA., Sem.-III

CC-205 : Company Accounts

[Max. Marks : 70]

Time : 2½ Hours]

Instruction : All questions are *compulsory* to attend and carry equal marks.

1. The Balance Sheet of Namesto Ltd. as at 31-3-2022 was as under :

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Particulars	Amt. (₹)	Amt. (₹)
(A) Equity and Liabilities		
(1) Shareholders fund		
(a) Share Capital		
Authorised Capital		21,00,000
Issued Share Capital <i>each share 10</i>		14,00,000
(b) Reserves and Surplus		
Profit and Loss A/c		8,40,000
(2) Non-Current Liabilities		
5% Debentures		9,10,000
(3) Current Liabilities		
Creditors		4,90,000
Total :		36,40,000
(B) Assets		
(1) Non-Current Assets		
Freehold Properties		7,00,000
(2) Current Assets		
Stock	8,40,000	
Debtors	7,00,000	
Bank Balance	14,00,000	29,40,000
Total :		36,40,000

At the Annual Meeting, it was agreed :

- (1) To pay dividend of 10%.
- (2) To issue one Bonus share for every four old shares held.
- (3) To issue Right shares to existing shareholders. All accepted the offer of one share of ₹ 10 each at ₹ 15 per share for every four shares held prior to issue of bonus shares.

- (4) To redeem debentures at a premium of 3%.
Pass necessary Journal Entries and prepare the Balance Sheet transactions are completed.

OR

- (A) Explain Employee Stock Option Scheme.
(B) Explain advantages of issue of Bonus shares by a company.

2. You are required to prepare Profit & Loss A/c & vertical Balance Sheet as per Sch III of Companies Act, 2013 as on 31-3-2022 from the following balances take from the books of Walter Ltd. as on 31-3-2022.

Trial Balance as on 31-3-2022

Particulars	Amt. (₹)	Amt. (₹)
Equity Share Capital (₹ 75 paid up)	—	26,25,000
Security Premium	—	3,50,000
Land and Building	17,50,000	—
Plant and Machinery	28,00,000	—
Depreciation Provision	—	—
Land and Building	—	3,50,000
Plant and Machinery	—	4,20,000
General Reserve	—	4,90,000
6% Debenture	—	1,75,000
Investments (Equity Shares in Ltd. companies at Cost)	3,50,000	—
Stock as on 31-3-2022	2,45,000	—
Bank Balance	80,500	—
Cash on Hand	2,800	—
Profit and Loss A/c (as on 1-4-2021)	—	87,500
Sundry Creditors	—	2,10,000
Income tax deducted at sources	4,200	—
Establishment expenses	1,82,000	—
Rent and Taxes	8,400	—
Debenture Interest	5,250	—
Audit Fees	10,500	—
Directors Fees	21,000	—
Sundry Expenses	30,450	—
Dividend (Gross)	—	39,200
Gross Profit	—	7,43,400
Total :	54,90,100	54,90,100

Additional Information :

- (1) Authorized capital of the company amounts to ₹ 35,00,000 divided into 35,000 equity shares of ₹ 100 each.
- (2) Market value of investments as on the date of Balance Sheet is ₹ 2,97,500.
- (3) Depreciation is to be provided on written down value on Land and Building at 5% and Plant and Machinery at 15%.
- (4) Provision for Taxation is to be made at 50% of Net Profit.
- (5) Directors propose to Transfer ₹ 35,000 to General Reserve.

OR

- (A) Prepare Profit and Loss Account with imaginary figures as per Schedule III of Companies Act, 2013. 7
- (B) Prepare Balance Sheet with imaginary figures as per Schedule III of Companies Act, 2013. 7

3. Sheetal Ltd. and Amrit Ltd. amalgamated and from 1st April 2022 a new company Samras Ltd. was formed to take over the business of existing companies. The authorized share capital of the new company will be ₹ 70,00,000 divided into shares of ₹ 10 each. The new company will take over all assets and liabilities at book value. Following is the balance sheet of Sheetal Ltd. and Amrit Ltd. as on 31-3-2022 : 14

Balance Sheet as on 31-3-2022

Particulars	Sheetal (₹)	Amrit (₹)
(A) Equity and Liabilities		
(1) Shareholders Fund		
(a) Share Capital		
Equity Share Capital of ₹ 10 each	10,50,000	28,00,000
(b) Reserves and Surplus		
Profit and Loss A/c		1,05,000
General Reserve		2,80,000
(2) Non-Current Liabilities		
8% Debentures	1,75,000	
7% Debenture		7,00,000
(3) Current Liabilities		
Creditors	2,10,000	1,40,000
Bill Payable	52,500	35,000
Total :	14,87,500	40,60,000

(B) Assets		
(1) Non-Current Assets		
(A) Fixed Assets		
(i) Tangible Assets		
Land and Building	4,06,000	8,40,000
Plant	2,24,000	6,30,000
(ii) Intangible Assets		
Goodwill	—	2,10,000
(B) Other Non-Current Assets		
Profit and Loss A/c	3,56,300	—
(2) Current Assets		
Stock	3,15,000	11,20,000
Debtors	1,86,200	5,60,000
Bill Receivables	—	4,20,000
Bank	—	2,80,000
Total :	14,87,500	40,60,000

Purchase Consideration was as follows :

Sheetal Ltd.

- (1) Four shares of ₹ 10 each fully paid in the new company in exchange of five shares of Sheetal Ltd.
- (2) The debenture holders were allotted 10% debenture of Samras Ltd. so as to get same amount of interest.
- (3) ₹ 21,000 in Cash.

Amrit Ltd.

- (1) Six shares of ₹ 10 each fully paid in the new company in exchange of five shares of Amrit Ltd.

- (2) The debenture holders were allotted 10% debenture of Samras Ltd. so as to get same amount of interest.
- (3) ₹ 5,60,000 in Cash.

The expenses of liquidation of Sheetal Ltd. and Amrit Ltd. came to ₹ 7,000 and 14,000 were paid by Samras Ltd.

Remaining shares were issued to public at a premium of ₹ 2 per share for cash fully paid up.

Pass necessary Journal Entries in the books of Samras Ltd. and prepare opening Balance Sheet.

OR

- (A) State the difference between Pooling of Interest Method and Purchase Method of Amalgamation. 7
- (B) Write necessary journal entries with imaginary figures in the books of Purchasing Company on amalgamation. 7
4. Define Human Resource accounting and explain various methods for valuation of Human Resource Accounting in detail. 14
- OR**
- (A) Explain Inflation accounting method of Current purchasing Power method of Accounting. 7
- (B) Define Environmental accounting and explain its utilities in brief. 7
5. Do as Directed : (any 7) 14
- (1) Use of Bonus out of following cannot be made for making partly paid shares fully paid.
- (a) General Reserve
- (b) Dividend Equalization fund
- (c) Security Premium
- (d) Credit Balance of P & L A/c

- (2) Minimum period for two bonus issues must be _____.
- (a) 12 months
 - (b) 24 months
 - (c) 36 months
 - (d) None of the above
- (3) Right shares means such shares which are issued to present shareholders to whom they are firstly offered. (True/False)
- (4) Bank Loan will be recorded under _____.
- (a) Trade Receivable
 - (b) Trade Payable
 - (c) Non-Current Liabilities
 - (d) Non-Current Assets
- (5) For a company goodwill is a Tangible Asset. (True/False)
- (6) Debentures are shown under _____ head of Vertical Balance Sheet.
- (7) Conversion of shares of small denomination into shares of large denomination is called as _____.
- (a) Sub-division of shares
 - (b) Consolidation of shares
 - (c) Both (a) and (b)
 - (d) None of the above
- (8) When two or more companies carrying on similar business decide to combine and a new company is formed, it is known as _____.
- (a) Amalgamation
 - (b) Absorption
 - (c) Business Purchase
 - (d) Dissolution

(9) Which shares can be converted into stock ?

- (a) Partly Paid Shares
- (b) Fully Paid Shares
- (c) Both (a) and (b)
- (d) None of the above

(10) In the books of vendor company, liquidation expenses paid by the vendor company is debited to _____ Account.

- (a) Realisation
- (b) Goodwill
- (c) Expense
- (d) Income

(11) Define Inflation Accounting.

(12) Define Contingent Liability.