



Seat No. : _____

TQ-117
B.B.A. Sem.-III
May-2013

CC-205 : Company Accounts

Time : 3 Hours]

[Max. Marks : 70

Instruction : Use of simple calculator is allowed.

1. A Ltd. and B Ltd. were amalgamated on and from 1-4-10, for this purpose A Ltd. absorbed B. Ltd. The following are the balance sheets on this date : 14

Liabilities	A (₹)	B (₹)	Assets	A (₹)	B (₹)
Share Capital :			Fixed Assets	60,72,000	34,56,000
Equity shares of ₹ 10 each	48,00,000	28,80,000	Current Assets	27,60,000	24,00,000
12% preference share of ₹ 100 each full paid up	21,12,000	16,32,000	Investments	6,72,000	4,80,000
General Reserve	4,80,000	2,40,000			
Export profit reserve	2,88,000	1,92,000			
Investment allowance reserve	—	96,000			
Profit & Loss A/c	7,20,000	4,80,000			
14% Debentures of ₹ 100 each	4,80,000	3,36,000			
Creditors	4,32,000	3,36,000			
Bills Payable	1,92,000	1,44,000			
	95,04,000	63,36,000		95,04,000	63,36,000

A Ltd. discharged the purchase price as under :

- (1) 3,36,000 equity shares of ₹ 10 each fully paid were issued to equity shares of B Ltd.
- (2) 14% 17,952 preference shares of ₹ 100 were issued to preference shareholders of B Ltd.
- (3) 15% Debentures were issued to debentures holders of B Ltd., so that they get a premium of 10%.
- (4) Statutory reserve of B Ltd. are to be maintained for 2 more years.

Prepare the Balance Sheet after amalgamation in following cases :

- (i) When amalgamation is in the nature of merger.
- (ii) When amalgamation is in the nature of purchase.

OR

- (a) Differentiate between Pooling of Interest Method and Purchase Method under Amalgamation.

(b) Give Journal Entries in the books of Vendor Company on Absorption with imaginary figures. 7

2. The Authorized Capital of ABC Ltd. is ₹ 5,00,000. The following is the Trial Balance as on 31st March, 2006. 14

Particulars	Debit ₹	Credit ₹
Paid up capital :		
7.5% cum. Preference Shares	–	1,00,000
Equity shares	–	2,00,000
Share Premium	–	16,500
Share Forfeiture Account	–	4,500
Capital Reserve	–	55,000
General Reserve	–	90,000
5% Mortgage Debentures	–	50,000
Trade Debtors	66,000	–
Creditors	–	33,000
Land & Building	1,70,000	–
Opening Stock	33,300	–
Provident Fund	–	13,000
Salaries	57,000	–
Call-in Arrears	10,000	–
Purchase & Sales	1,06,500	2,60,000
Plant & Machinery	1,15,000	–
Preliminary Exp.	6,000	–
Furniture	32,000	–
Investment	1,65,700	–
Loose Tools	12,000	–
Wages	35,200	–
Debenture Red. Fund Investment & Deb. Red. Fund	20,000	20,000
Rent, Rate & Taxes	3,500	–
Directors Fees	6,500	–
Post & Telegram	2,500	–
P.F. Contribution	10,800	–
Cash & Bank Balance	28,000	–
Income tax	–	5,500
Profit & Loss A/c.	–	3,000
Reserve for Bad Debts	–	25,400
Bank Loan	–	14,600
Public Deposit	–	9,500
Income from Investments	9,00,000	9,00,000

Additional Informations :

- (1) The value of stock on 31st March 2006 was ₹ 95,400.
- (2) Provide 5% Reserve for Bad Debts on Debtors.
- (3) Prepaid Rent is ₹ 2,000.
- (4) Provide Depreciation on Plant & Machinery at 2%, on furniture at 5% and on land & Building at 4%.
- (5) Outstanding Expenses : Productive Wages ₹ 2,500; Salaries ₹ 3,000 and Rates and Taxes ₹ 1,500.
- (6) The directors propose to pay 7.5% dividend on Pref. shares and 10% dividend on equity shares.
- (7) Transfer ₹ 25,000 to General Reserve.

Prepare Final Accounts of the company using Vertical Form.

OR

Give the proforma of Balance Sheet and Profit & Loss Account (with schedules) using imaginary figures under vertical form. 14

3. The Balance Sheet of Anmol Ltd. on 31-3-2012 was as follows : 14

Liabilities	₹	Assets	₹
2,00,000 equity shares of ₹ 10 each fully paid	20,00,000	Fixed Assets	15,00,000
Share Premium	5,00,000	Current Assets	27,00,000
General Reserve	10,00,000		
Profit & Loss A/c.	2,00,000		
Sundry Creditors	5,00,000		
	42,00,000		42,00,000

The company wants to buy-back its 60,000 shares. For this purpose it issues 10% 20,000 redeemable preference shares of ₹ 10 each which are fully subscribed and paid up. The company buys-back the shares at ₹ 14 per share.

Give Journal Entries to give effect to the above and prepare Balance Sheet after the buy-back.

OR

- (a) Give Journal Entries of the following : 7

The share of a company is divided into 30,000 fully paid equity shares of ₹ 10 each. The company converted its shares into stock by issuing equity stock of ₹ 96 In exchange of 10 equity shares of ₹ 10 each.

- (b) Chandrika Company Ltd., has the following items in the Balance Sheet : 7
- | | | |
|-----------------------------------|---|----------|
| Subscribed Equity Capital | ₹ | |
| (Shares of ₹ 10 each ₹ 8 paid-up) | | 2,00,000 |
| General Reserve | | 2,00,000 |
| Profit & Loss A/c. (credit) | | 1,00,000 |
- The company decided :
- (1) To convert partly paid equity shares into fully paid shares.
 - (2) To issue Bonus shares at ₹ 10 each at a premium of 25% on the basis of one equity share for every five shares held.
- Give Journal Entries
4. (a) What the advantages and limitations of Human Resource Accounting ? 7
- (b) Write a note on Inflation Accounting. 7
- OR**
- (a) Write a note on Forensic Accounting. 7
- (b) Write a note on Environmental reporting in India. 7
5. Answer the following (any 14) : 14
- (1) A company converted its 20 equity shares of ₹ 10 each into Equity stock of ₹ 105. Give Journal Entries.
 - (2) The authorized capital of a company was ₹ 10,00,000 consisting of 10,000 equity shares of ₹ 100 each and it was increased to ₹ 16,00,000. Give Journal Entry.
 - (3) Give two examples of miscellaneous expenses.
 - (4) Give one difference between Capital Reserve and Revenue Reserve.
 - (5) Give two examples of Current Liabilities.
 - (6) What details are shown under the head of Investments ?
 - (7) Give two examples of Statutory Reserves.
 - (8) Describe the treatment of Goodwill under purchase method.
 - (9) What do you mean by Absorption ?
 - (10) What is intrinsic value of shares ?
 - (11) Give any two Journal Entries in books of vendor company under Absorption.
 - (12) Give any two Journal Entries in books of purchasing company under Absorption.
 - (13) Give one difference between Merger and Amalgamation.
 - (14) What are Bonus Shares ?
 - (15) From what sources can bonus shares be issued ?