

MK-108

December-2016

B.B.A., Sem.-III

CC-205 : Company Accounts**Time : 3 Hours]****[Max. Marks : 70**

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

1. (a) Ganesh Ltd. issued 2,40,000 equity shares of ₹ 100 each, ₹ 80 paid up. The authorized capital of the company is 5,00,000 equity shares of ₹ 100 each. A company wants to declare a Bonus Dividend to make the shares fully paid up by utilizing a General Reserve of ₹ 48,00,000.

After converting partly paid up shares into fully paid up, company has issue right shares of ₹ 100 each at a premium of ₹ 50 on the basis of one equity share for every four equity shares held.

You are requested to pass necessary Journal Entries in the books of the Company.

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OR

Explain the SEBI guidelines for the issue of Bonus Shares.

- (b) Write Journal Entries for the following transactions :

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- (1) JC Ltd. decided to issue Equity Stock in the following manner in exchange of 5,00,000 equity shares of ₹ 10 each fully paid.

- (i) At the rate of ₹ 12 for each share.
(ii) At the rate of ₹ 8 for each share.

- (2) KC Ltd. has passed resolution to subdivide its 5,00,000 equity shares of ₹ 100 each into 6 equity shares of ₹ 10 each and 8 preference shares of ₹ 5 each.

OR

- (i) Discuss the Employee Stock Option Scheme in brief. 4
(ii) Explain the methods according to SEBI regulations, for Buy-back of shares. 3

Additional Information :

- (1) The value of closing stock is ₹ 7,18,500.
- (2) Increase bad debts reserve by ₹ 7,500.
- (3) Provide depreciation on Building ₹ 45,000 and on Machinery ₹ 1,65,000.
- (4) Transfer ₹ 30,000 to Debenture redemption fund.
- (5) Insurance premium amounting to ₹ 6,000 is paid for the year ending on 30-06-2016.
- (6) Make provision for Taxation at 50% of profit.

You are required to prepare Final Accounts as per Schedule – III of Companies Act, 2013.

OR

- (A) Certain balances from Trial Balance as on 31-12-2015 :

Particulars	Debit (₹)	Credit (₹)
12,000 Equity shares of ₹ 100 each	–	12,00,000
Calls in arrears (New Capital)	2,400	–
5% Preference share capital	–	2,40,000

Notes :

- (1) The company has issued one equity share for three equity shares held as fully paid bonus shares on 31-03-2015.
- (2) On 1-07-2015, the company had issued equity shares of ₹ 2,40,000 for cash.
- (3) The company had adopted Table A as its Articles.

The directors have proposed equity dividend at the rate of 10%. Show its effects in profit and loss account only.

- (B) Prepare format of Profit & Loss Statement and Balance sheet as per Schedule-III of Companies Act; 2013.

3. 'J' Ltd. and 'K' Ltd. were amalgamated on and from 1st April 2016. A new company 'JK' Ltd. was formed to take over the business of the existing companies.

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Balance Sheets

Liabilities	'J' Ltd. (₹)	'K' Ltd. (₹)	Assets	'J' Ltd. (₹)	'K' Ltd. (₹)
Equity shares of ₹ 10 each fully paid-up	25,50,000	21,75,000	Building	13,80,000	8,25,000
12% Preference shares of ₹ 100 each fully paid-up	9,60,000	5,25,000	Machinery	9,75,000	6,30,000
Revaluation Reserve	3,75,000	2,40,000	Investment	2,25,000	1,50,000
Gen. Reserve	7,20,000	4,80,000	Stock	9,75,000	8,07,000
Investment	1,50,000	90,000	Debtors	9,15,000	7,85,000
Allow. Reserve P & L a/c	2,25,000	1,56,000	Bills	75,000	25,000
13% Debenture	1,50,000	84,000	Cash Bal.	11,55,000	7,53,000
Public Deposit	75,000	-			
Creditors	4,35,000	1,87,500			
Bills	60,000	37,500			
	57,00,000	39,75,000		57,00,000	39,75,000

Additional Information :

- (1) JK Ltd. will issue 4 equity shares for each equity share of 'J' Ltd. and 3 equity shares for each equity share of 'K' Ltd. The shares are to be issued at ₹ 25 premium on having a face value of ₹ 10 per share.
- (2) Preference shareholders of the two companies are issued equivalent number of 14% preference shares of JK Ltd. at a price of ₹ 125 per share.
- (3) Debenture holders of 13% of the two companies are discharged by issuing such number of 15% debentures of ₹ 100 each of JK Ltd. as to maintain the same amount of Interest.
- (4) Investment allowance reserve is to be maintained for two more years.

You are required to prepare the Balance Sheet of JK Ltd. after the amalgamation has been carried out on the basis of following assumptions :

- (a) Amalgamation is in the nature of Merger.
- (b) Amalgamation is in the nature of Purchase.

OR

The Balance Sheet of 'C' Ltd. on 31-03-2016 is as follows :

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Liabilities	'C' Ltd. (₹)	Assets	'D' Ltd. (₹)
60,000 equity shares of ₹ 10 each fully paid-up	6,00,000	Goodwill	75,000
General Reserve	67,500	Machinery	6,00,000
P & L Account	93,750	Investments	1,12,500
8% Debentures	2,25,000	Stock	1,50,000
Creditors	1,38,750	Debtors	1,87,500
Provision for Taxation	75,000	Cash and Bank	75,000
	12,00,000		12,00,000

'D' Ltd. has agreed to absorb 'C' Ltd. on following conditions :

(1) 'D' Ltd. acquired goodwill and other assets except investments as below :

Machinery : Increased by 2.5%

Stock : Decreased by 12.5%

Debtors : Subject to 5% Bad debts Reserve

(2) Investments are sold out for ₹ 1,20,000 and paid tax liabilities of ₹ 90,000.

(3) Discharge the old debentures at 8% premium by issue of 16% new debentures at 10% discount.

(4) Issue three equity shares of 'D' Ltd. at 10% premium for two equity shares of 'C' Ltd. and pay ₹ 2 in cash for every share of 'C' Ltd.

(5) Pay absorption expenses of ₹ 15,000.

(6) 1/3 of the shares received from 'D' Ltd. are sold at ₹ 10.50 each.

Prepare necessary Ledgers in the books of 'C' Ltd. and pass Journal Entries in the books of 'D' Ltd.

4. (a) What is Human Resource Accounting ? Can a Human being be treated as an 'Asset' ? Explain.

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OR

Explain the replacement cost method of valuing human resources.

- (b) Attempt any one of the following :

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- (i) Current Purchasing Power method of Inflation Accounting.
(ii) Current Cost Accounting method of Inflation Accounting.

- (c) Attempt any one of the following :

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- (i) Utility of Environmental Accounting.
(ii) Role of Forensic Accountant.

5. In the following sub-questions, more than one answer is given, of which only one answer is correct. You have to select the correct answer :

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- (1) Use of Bonus out of following cannot be made for making partly paid up shares into fully paid up :

- (a) General Reserve (b) Dividend equalization fund
(c) Securities premium (d) P & L a/c (credit)

- (2) Amount of Share Forfeiture Account is added to _____.

- (a) Fixed assets (b) Investments
(c) Share capital (d) None of the above

- (3) Amount of dividend is calculated on _____.

- (a) Authorised capital (b) Called-up capital
(c) Unsubscribed capital (d) Paid-up capital

- (4) Which type of shares can be bought back ?

- (a) Partly paid up (b) Any kind of shares
(c) Fully paid up (d) Cannot be bought back

(5) Debtors account is shown in the balance sheet under the _____ head, as per Schedule III of Companies Act, 2013.

- (a) Collection (b) Trade Collection
(c) Trade Receivables (d) Receivables

(6) When liquidation expenses is paid and borne by seller company, it is debited to _____.

- (a) Bank Account
(b) Goodwill Account
(c) Capital Reserve Account
(d) Realisation Account

(7) Pooling of interest method is a method of

- (a) Accounting for amalgamation
(b) Inventory valuation
(c) Depreciation
(d) None of the above

(8) When two or more companies get united and form a new company that is called

- (a) Amalgamation (b) Absorption
(c) Internal Reconstruction (d) None of the above

(9) Under _____ process of buy-back of shares, the shareholders give their active contribution in deciding the price of share.

- (a) Purchase through share market
(b) Stock option method
(c) Book building method
(d) Tender method

(10) Which one of the following is a model based on present value of employees future learning ?

- (a) Jau-Linchi's model (b) Sam-Joseph's model
(c) Jaggi-Lau's model (d) Jo-Joseph's model

