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
			Investments	6,72,000	4,80,000
12% preference share of ₹ 100 each full paid up	21,12,000	16,32,000			
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. **7**

(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.	20,000	20,000
Fund	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
		Current Assets	27,00,000
Share Premium	5,00,000		
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 ?