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Candidate's Seat No : _____

Five Year Integrated B.B.A. LL.B. Sem.-3 Examination

IL BCom 201

Advance Accounting-1

Time : 2-00 Hours]

January 2021

[Max. Marks : 50

Instruction: Attempt **any Three** questions from the following:

Q.1 What is bonus share? Discuss the procedure for issue of bonus shares and also give journal entries for issue of bonus shares. (20)

Q.2 The balance sheet of ABC company Limited as at 31st march, 2011 was as under: (20)

Liabilities	Rs.	Assets	Rs.
Share capital: Authorised	12,00,000	Freehold properties	4,00,000
Issued:		Stock	4,80,000
80,000 shares of Rs.10 each	8,00,000	Debtors	4,00,000
Profit & Loss Account	4,80,000	Balance at bank	8,00,000
5% Debentures	5,20,000		
Creditors	2,80,000		
	20,80,000		20,80,000

At annual meeting, it was agreed

- I. To pay a dividend in cash of 10% free of tax (Rate of deduction of income tax is 20%)
- II. To issue one bonus share for every four old shares held.
- III. To give existing shareholders the option to purchase one share of Rs.10 each at Rs.15 per share, for every four shares held prior to the bonus distribution. All the shareholders exercised their option.
- IV. To repay the debenture at a premium of 3%.

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Give the necessary journal entries and give balance sheet after transaction are completed.

Q.3 The balance sheet of the Ram Ltd. as on 31-3-2011 is as under. [20]

Liabilities	Amt	Assets	Amt
3000 equity shares (Rs. 100 each fully paid up)	3,00,000	Fixed assets	2,40,000
1500 Red.pref shares (Rs.100 each Rs.75 per share paid up)	1,12,500	Debtors	15,000
General reserve	90,000	Bills receivable	5,000
Securities premium	37,500	Bank balance	3,00,000
Creditors	20,000		
	5,60,000		5,60,000

The company decide to redeem the preference shares at 5% premium after complying with legal provisions. For this purpose, necessary number of equity shares issued at par.

Pass necessary journal entries in the books of company and prepare new balance sheet.

Q.4 The balance sheet of Megha Ltd. and Sheetal Ltd. as on 31-3-2018 were as under: [20]

Megha Ltd.

Liabilities	Rs.	Assets	Rs.
Share Capital:		Machinery	2,40,000
1,00,000 Equity Shares of Rs.10 each	10,00,000	Building	4,30,000
6% debentures	1,40,000	Stock	3,00,000
Creditors	2,40,000	Sundry Debtors 2,00,000	
		-Bad debts reserve 10,000	1,90,000

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Bills Payable	60,000	Profit & Loss A/c	3,00,000
Bank overdraft	20,000		
	14,60,000		14,60,000

Sheetal Ltd.

Liabilities	Rs.	Assets	Rs.
Share Capital: 3,00,000, Equity Shares of Rs. 10 each 30,00,000 Add: Forfeited account 4000	30,04,000	Goodwill	2,00,000
Profit & Loss account	2,00,000	Building	9,00,000
Dividend Equalization Fund	1,20,000	Plant	7,00,000
Reserve fund	2,00,000	Stock	13,64,000
7% debenture	7,00,000	Debtors	7,00,000
Sundry Creditors	1,20,000	Bank balance	2,92,000
Bills payable	12,000	Bills Receivable	2,00,000
	43,56,000		43,56,000

The two companies decided to amalgamate as on 1st April, 2018 and a new company called Mahdev Ltd. Was formed with an authorized capital of Rs.60,00,000 in shares of Rs. 10 each.

New company took over all the assets and liabilities of Megha Ltd. And Sheetal Ltd. All their book values and following terms for purchase of business were agreed upon:

Megha Ltd.:

- 1) 3 shares of Rs.10 each fully paid in the new company in exchange of every 5 shares in Megha Ltd.
- 2) The debenture holder of Megha Ltd. Were to be allotted such Debentures in the new company bearing interest at 5% as would bring them the same amount of interest.

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3) Rs.4000 to be paid in cash.

Sheetal Ltd.:

- 1) 6 shares of Rs.10 each fully paid in the new company in exchange of every 5 shares in sheetal Ltd.
- 2) The debenture holder of Sheetal Ltd. Were to be allotted such Debentures in the new company bearing interest at 5% as would bring them the same amount of interest.
- 3) Rs.6 in cash for every 5 shares in Sheetal ltd.

Costs of Liquidation of Megha Ltd. Rs.400 and Rs.2,400 for Sheetal Ltd. Are to be paid by the new co.

Mahdev ltd. Issue remaining shares in to public at a premium of Rs.2 per share for cash, which were fully paid.

You are required to write journal entries in the books of new company, and prepare its initial Balance sheet.

Q.5 Write proforma of Profit and loss account & Balance sheet as per company's act 2013. [20]

Q.6(a) write difference between polling of interest method and purchase method. [10]

(b) explain accounting standard-14. [10]
