

Integ LLB Sem.-3 Examination
ILBCom 201
Advanced Accounting-I
May 2022

Time : 2-00 Hours]

[Max. Marks : 60

Q.1 The balance sheet of Monal Limited as on 31st March, 2019 is as under :

(20M)

Particulars	Note	Rs.
I. Equity and Liabilities :		
(1) Shareholder's Funds :		
(a) Share Capital :		
80,000 Equity Shares of Rs. 10 each		8,00,000
(b) Reserves and surplus : Profit and loss A/c		5,60,000
(2) Non – Current Liabilities :		
(a) Long Term Borrowings : 6% Debentures		4,80,000
(3) Current Liabilities :		
(a) Trade Payables : Creditors		2,40,000
Total		20,80,000
II. Assets :		
(1) Non - Current Assets :		
(a) Fixed Assets : Freehold Properties		4,00,000
(2) Current Assets :		
(a) Inventories : Stock		4,80,000
(b) Trade Receivables : Debtors		3,20,000
(c) Cash and Cash Equivalents : Balance at Bank		8,80,000
Total		20,80,000

At the annual general meeting it was agreed :

(a) To pay a dividend in cash of 10% cash free of tax (Income tax deducted at 20%)

(b) To issue one Bonus Share for every four old shares held.

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(c) To give existing shareholders the option to purchase one share of Rs. 10 at Rs. 14 per share for every four shares held prior to the bonus distribution. All the shareholders took up their option.

(d) To repay the Debentures at a premium of 3%

Give the necessary Journal Entries and give the Balance sheet after transactions are completed.

Q.2 The balance sheet of Nayna Limited as on 31st March, 2020 is as under :

(20M)

Particulars	Note	Rs.
I. Equity and Liabilities :		
(1) Shareholder's Funds :		
(a) Share Capital :		
16,000 Equity Shares of Rs. 100 each		16,00,000
8,000 Red. Pref. Shares of Rs.100 each, Rs.90 Paid up		7,20,000
(b) Reserves and surplus :		
Profit and loss A/c		1,40,000
General Reserve		3,00,000
Security Premium		40,000
(3) Current Liabilities :		
(a) Trade Payables : Creditors		3,20,000
Total		31,20,000
II. Assets :		
(1) Non - Current Assets :		
(a) Fixed Assets :		
Land		8,00,000
Building		6,60,000
Plant and Machinery		4,00,000
(b) Non- Current Investment		2,80,000
(2) Current Assets :		
(a) Inventories : Stock		4,00,000
(b) Trade Receivables : Debtors		3,60,000
(c) Cash and Cash Equivalents : Balance at Bank		2,20,000
Total		31,20,000

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On this date the company decided to redeem Red. Pref. shares at 10% premium after complying with the provisions laid down under section 55 of the Companies Act, 2013.

For this purpose necessary number of Equity shares of Rs.100 each are issued at par. Cash Balance of Rs. 1,20,000 is to be maintained in the business. All the investments are sold away for Rs. 1,20,000. All the Pref. shareholders are paid in full.

The company has then decided to utilise the resultant reserve, created out of the redemption of Pref. shares for issuing one bonus shares to its equity shareholders in exchange of 8 shares.

Pass necessary journal entries in the books of the company and also prepare Cash and Bank Account and New Balance sheet in the books of the company.

Q.3 (a) Explain the procedure for issue of Bonus shares. (10M)

Q.3 (b) Write a Short Note : Buy back of Shares (10M)

Q.4 Write Proforma of Profit and loss Account and Balance sheet as per Company's Act 2013. (20M)

Q.5 (a) Write the meaning of Amalgamation and Absorption and also explain the Purposes of Amalgamation. (10M)

Q.5 (b) Write the difference between Pooling Interest Method and Purchase Method. (10M)

Q.6 Gopal Ltd. and Kiran Ltd. were amalgamated on 31st March 2020 and form a new company Tarak Ltd.

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Balance Sheets

Liabilities	Gopal Ltd (Rs)	Kiran Ltd (Rs)	Assets	Gopal Ltd (Rs)	Kiran Ltd (Rs)
Equity shares of Rs 100 each fully paid up	20,00,000	10,00,000	Goodwill	2,00,000	-
6% Preference share capital :			Land & Building	6,00,000	2,00,000
Shares of Rs.100 each fully paid up	10,00,000	-	Plant & Machinery	12,00,000	6,00,000
General Reserve	-	2,40,000	Investments	2,00,000	40,000
Bank Loan	3,00,000	-	Stock	5,00,000	3,00,000
10% Debentures	4,00,000	-	Debtors	6,00,000	4,00,000
Workers' Accident Comp. Fund	-	1,60,000	Cash & Bank	3,40,000	60,000
Creditors	3,00,000	2,00,000	Preliminary Expenses	60,000	-
			Profit & loss A/c	3,00,000	-
	40,00,000	16,00,000		40,00,000	16,00,000

Additional information:

An Authorised capital of the company is Rs. 50,00,000 divided in to 40,000 Equity shares and 10,000, 10% Pref. shares of Rs.100 each Assets and Liabilities of both the companies are to be taken over except investments of Gopal Ltd and Cash balance of Rs.20,000 of Kiran Ltd.

The market value of fixed assets of both the companies to be taken at 20% more than the book value.

Payment terms are as follows :

1. The equity shares of both the companies will be given 6 fully paid equity shares of Tarak Ltd for every 5 equity shares held by them at a premium of 10%.
2. The Pref. shareholders of Gopal Ltd will be given 4 Fully paid Pref. shares of Tarak Ltd. for every 5 Pref. shares held by them and Rs. 1,00,000 cash.
3. The debenture-holders of Gopal Ltd. will be given 12% debentures of Rs.100 each of Tarak Ltd.
4. Rs. 28,000 cash to Gopal Ltd.

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Tarak Ltd. issued the remaining equity shares to the public at a premium of Rs. 20 per share, which were fully paid up. Preliminary expenses amounted to 20,000.

Pass necessary entries in the books of Tarak Ltd. and prepare its Balance Sheet.
