

Seat No. : _____

ME-104

March-2019

BBA, Sem.-III

CC-205 : Company Account

Time : 2:30 Hours]

[Max. Marks : 70

1. (A) The Balance Sheet of Amardeep Company Ltd. as on 31-3-2018 was as under : 14

Liabilities	₹	Assets	₹
Share Capital:		Free Hold Properties	1,00,000
Authorised	3,00,000	Stock	1,20,000
Issued:		Debtors	1,00,000
20,000 shares of ₹ 10 each	2,00,000	Balance at Bank	2,00,000
Profit & Loss a/c	1,20,000		
5% Debentures	1,30,000		
Creditors	70,000		
	5,20,000		5,20,000

At the Annual Meeting, it was agreed :

- (1) To pay a dividend in cash of 10% free of tax (rate of deduction of Income tax is 20%)
- (2) To issue one Bonus Share for every four old shares held.
- (3) To give existing shareholders the option to purchase one share of ₹ 10 each at ₹ 15 per share, for every four shares held prior to the Bonus distribution. All the shareholders exercised their option.
- (4) To repay the debentures at a premium of 5%.

Pass necessary journal entries.

OR

- (A) (i) Write Journal Entries in the books of the company. 7
- (1) The share capital of the company consist 5,000 Equity shares of ₹ 100 each. The company has passed resolution to subdivide its each Equity share of ₹ 100 into 6 Equity shares of ₹ 10 each and 8 Preference shares of ₹ 5 each.
 - (2) A company has converted its 100 Equity shares of ₹ 10 each into Equity Stock of ₹ 950.
 - (3) A company has issued 100 Equity shares of ₹ 100 each in exchange of Equity stock of ₹ 9700.
- (ii) Explain the conditions of Buy Back of Shares. 7
- (B) Do as directed : (Any **Four**) 4
- (1) Which share can be converted into stock ?
 - (a) Partly paid share
 - (b) Fully paid up share
 - (c) (a) and (b) both
 - (d) None of the above
 - (2) Every buy back of shares shall be completed within 10 months. (True/False)
 - (3) Use of Bonus out of the following cannot be made for making partly paid up shares into fully paid up:
 - (a) Securities Premium
 - (b) General Reserve
 - (c) Capital Reserve
 - (d) Dividend Equalisation fund
 - (4) While issuing Bonus Shares _____ should permit the issue.
 - (a) Articles of Association
 - (b) Memorandum of Association
 - (c) Prospectus
 - (d) None
 - (5) Conversion of shares of small denomination into shares of large denomination is called _____. (Sub - division of shares/ Consolidation of shares)
 - (6) If the shares are Buy Back at a discount, the amount of discount is credited to _____.
 - (a) Capital Reserve
 - (b) General Reserve
 - (c) Capital Redemption Reserve
 - (d) Investment Allowance Reserve a/c

2. (A) Prepare Final Accounts as per Schedule III of Companies Act, 2013 of the Het Co. Ltd. from the following Trial Balance as on 31-3-2018 and additional information given below :

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Credit Balance	₹	Debit Balance	₹
Equity Share Capital	8,00,000	Land & Building	6,80,000
Share forfeiture a/c	18,000	Machinery	4,60,000
Securities Premium	66,000	Furniture	1,28,000
Capital Reserve	2,20,000	Investments	6,62,800
General Reserve	3,60,000	Debtors	2,64,000
7.5% Preference share capital	4,00,000	Cash & Bank Balance	91,200
5% Debentures (Mortgage)	2,00,000	Calls in arrears (equity shares)	40,000
Debenture Redemption fund	80,000	Opening stock of finished goods	1,33,200
Bank Loan	1,01,600	Purchases	4,26,000
Public Deposit	58,400	Productive Wages	1,40,800
Sales	10,40,000	Debenture Redemption Fund Investments	80,000
Creditors	1,84,000	Salaries	2,62,000
Profit & Loss a/c	22,000	Rent, rates & taxes	80,000
Income from Investments	38,000	Director fees	14,000
Reserve for bad debts	12,000	Postage & Telegram	26,000
		Income Tax	1,12,000
	36,00,000		36,00,000

Additional Information :

- (1) The authorized capital of the company is ₹ 20,00,000.
- (2) The directors of the company recommended 7.5% dividend on preference share capital and 10% on equity share capital.
- (3) Transfer ₹ 1,00,000 to general reserve.
- (4) Provide depreciation on machinery at 2%, on furniture at 5% and on land and building at 4%.
- (5) Outstanding expenses: Productive wages ₹ 10,000 , salaries ₹ 12,000 and Rent, rates & taxes ₹ 6,000.
- (6) Provide 5% reserve for bad debts on debtors.
- (7) Prepaid rent amount to ₹ 8,000.
- (8) The stock of finished goods on 31-3-2018 was ₹ 3,81,600.

OR

- (A) (i) Explain Contingent Liabilities with examples. 7
- (ii) Prepare a Vertical Balance Sheet of a company as per Companies Act with imaginary Figures. 7
- (B) Do as directed : (Any **Four**) 4
- (1) Unclaimed dividend is shown under _____.
(a) Current Liabilities (b) Current Assets
(c) Fixed Asset (d) Investment
 - (2) Debtors and Bills Receivable are monetary assets.(True/False)
 - (3) The Asset which is shown under Fixed Asset is _____.
(a) Vehicle (b) Stock
(c) Debtors (d) Cash
 - (4) Bills Payable is shown under Current Liabilities in Balance Sheet.(True/False)
 - (5) Contingent liabilities does not result in losses in all cases. (True/False)
 - (6) Amount of dividend is calculated on _____.
(a) Authorised Capital (b) Paid up Capital
(c) Both (a) & (b) (d) None of the above

3. (A) The following are the Balance Sheets of Sagar Ltd. and Sarita Ltd. as on 31-3-2018 :

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Liabilities	Sagar Ltd. ₹	Sarita Ltd. ₹	Assets	Sagar Ltd. ₹	Sarita Ltd. ₹
Equity share capital of ₹ 100 each fully paid	12,00,000	18,00,000	Land & Building	12,00,000	14,00,000
Securities Premium	2,40,000	—	Machinery	9,60,000	6,40,000
Profit & Loss a/c	4,80,000	—	Investments	2,40,000	1,20,000
12% Debentures	7,20,000	7,20,000	Stock	1,60,000	1,28,000
Creditors	1,80,000	2,80,000	Debtors	2,40,000	2,80,000
Bank Overdraft	—	1,20,000	Cash Balance	80,000	1,20,000
Debenture interest unpaid	60,000	80,000	Share Discount	—	72,000
			Profit & Loss a/c	—	2,40,000
	28,80,000	30,00,000		28,80,000	30,00,000

Sagar Ltd. and Sarita Ltd. were amalgamated on and from 1-4-2018. A new company Sangam Ltd. was formed to amalgamate the two companies with 36,000 equity shares of ₹ 100 each.

- (1) The business of the two companies (except investment of Sagar Ltd. and Bank Overdraft of Sarita Ltd.) are to be taken over, Assets and Liabilities are to be valued at Book value.
- (2) The total purchase consideration of the companies is fixed at ₹ 32,40,000. The purchase consideration of Sagar Ltd. is so fixed that ₹ 2,88,000 is to be paid to Sagar Ltd. as Goodwill.
- (3) ₹ 36,000 and ₹ 30,000 will be paid in cash respectively for purchased consideration and for the balance, the shares of Sangam Ltd. of ₹ 100 each at 15% premium will be given.
- (4) 20% from the remaining shares of Sangam Ltd. were issued to public at 15% premium. All these shares were subscribed for and were fully paid up.

Pass necessary Journal Entries in the books of Sangam Ltd. and also prepare its Balance Sheet.

OR

- (A) (i) Following are the Balance Sheets of Nutan Ltd. and Mahi Ltd. as on 31-3-2018 :

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Liabilities	Nutan Ltd. ₹	Mahi Ltd. ₹	Assets	Nutan Ltd. ₹	Mahi Ltd. ₹
Equity Share Capital	6,40,000	8,00,000	Plant & Machinery	14,00,000	14,00,000
General Reserve	6,00,000	2,00,000	Investments	2,48,000	2,00,000
P & L a/c	3,60,000	1,20,000	Stock	3,00,000	1,60,000
10% Debentures	8,00,000	9,60,000	Debtors	4,00,000	5,00,000
Creditors	2,00,000	4,00,000	Bills Receivable	1,52,000	1,40,000
Bills Payable	1,20,000	80,000	Cash & Bank	2,20,000	1,60,000
	27,20,000	25,60,000		27,20,000	25,60,000

On 1-4-2018 Nutan Ltd. entered into a contract to absorb the business of Mahi Ltd. As per this contract Nutan Ltd. has to issue equity shares to Mahi Ltd. in such a manner that the intrinsic value of shares of both the companies happen to be equal.

The face value of shares of Mahi Ltd. is ₹ 10 per share on which ₹ 5 per share was paid up.

The face value of shares of Nutan Ltd. was ₹ 10 on which ₹ 4 per share was paid up.

From the above information prepare:

- (1) Calculation of Purchase Consideration of business Mahi Ltd.
- (ii) What is absorption ? Discuss the purposes of Absorption.

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(B) Do as Directed : (Any **Three**)

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- (1) Accounting Standard _____ relates to Amalgamation Accounts.
 - (a) 12
 - (b) 14
 - (c) 3
 - (d) 6
- (2) Profit on realization is transferred to _____ account.
 - (a) Equity Shareholders
 - (b) Preference Shareholders
 - (c) Bank a/c
 - (d) None of the above
- (3) Amalgamation Adjustment Reserve is required in respect of
 - (a) General Reserve
 - (b) Securities Premium
 - (c) Statutory Reserve
 - (d) Capital Reserve
- (4) Pooling of Interest is a method of _____.
 - (a) providing depreciation
 - (b) accounting for amalgamation
 - (c) Valuation of inventory
 - (d) None of the above
- (5) When liquidation expenses is paid and borne by seller company then it is debited to _____.
 - (a) Realisation
 - (b) Bank a/c
 - (c) Goodwill
 - (d) Capital Reserve

4. (A) Discuss advantages and limitations of Human Resource Accounting.

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OR

(A) (i) Explain the role of Forensic Accountant.

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(ii) Explain the significance of Environmental Accounting.

7

(B) Do as directed : (Any **Three**)

3

(1) Forensic Accountant must possess :

- (a) Analytical skills
- (b) Presentation skills
- (c) Investigative skills
- (d) All of the above

(2) _____ is a measurement of value of people.

- (a) Human Resource Accounting
- (b) Environmental Accounting
- (c) Inflation Accounting
- (d) Forensic Accounting

- (3) Forensic Accounting detects _____ frauds.
- (a) Financial
 - (b) Non-Financial
 - (c) Both (a) & (b)
 - (d) None of the above
- (4) Waste Management cost are environmental costs. (True/False)
- (5) Under _____ method historical accounting data are adjusted on the basis of General Price Index.
- (a) Current Purchasing Power
 - (b) Current Cost Accounting
 - (c) Replacement Reserve Method
 - (d) None of the above
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