

Integ. LLB Semester-3 Examination

IL BCom-201

Advanced Accounting

March-2024

Time : 2-30 Hours]

[Max. Marks : 70

Q.1 The Balance Sheet of Amish Ltd. As at March 31st 2022 read as under:

[18]

Particulars	Note	Rs.
I. Equity and Liabilities :		
(1) Shareholder's Funds :		
(a) Share Capital :		
2500, Equity Shares of Rs. 10 each		25,000
(b) Reserves and surplus :		
Profit & Loss Account		17,500
(2) Non - Current Liabilities :		
(a) Long Term Borrowings: 5% Debenture		15,000
(3) Current Liabilities :		
(a) Trade Payables :		
Creditors		7,500
Total		65,000
II. Assets :		
(1) Non - Current Assets :		
(a) Fixed Assets		
(i) Tangible Assets :		
Free hold Property		18,750
(2) Current Assets :		
(a) Inventories : Stock		12,500
(b) Trade Receivables : Debtors		6,250
(c) Cash and Cash Equivalents : Balance at Bank		27,500
Total		65,000

At the annual general meeting it was agreed:

1. To pay dividend in cash of 10% free of tax (income tax deducted at 20%).
2. To issue one bonus share for every 4 old shares held.
3. To give existing shareholders the option to purchase one share of Rs. 10 at Rs. 12.50 per share for every 4 shares held prior to the bonus distribution. All the shareholders took up their option.
4. To repay the debenture at a premium of 3%.

Give the necessary journal entries and give the Balance sheet after Transactions are completed.

OR

Q. 1 (a) The Balance sheet of India Ltd. As on 31-03-2022:

[10]

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Particulars	Note	Rs.
I. Equity and Liabilities :		
(1) Shareholder's Funds :		
(a) Share Capital :		
Equity Shares of Rs. 10 each fully paid up		4,00,000
(b) Reserves and surplus :		
General Reserve		1,90,000
Profit & Loss Account		1,50,000
Securities Premium		90,000
(2) Current Liabilities :		
(a) Trade Payables :		
Creditors		70,000
Total		2,00,000
II. Assets :		
(1) Non - Current Assets :		
(a) Fixed Assets		6,00,000
(2) Current Assets :		3,00,000
Total		2,00,000

The company has issued 3 bonus shares for every 4 shares held. For this purpose, Securities Premium account and General reserve to the extent of Rs. 1,30,000 are utilized and balance from P&L account. Write journal entries and Prepare Balance Sheet after issue of bonus shares.

Q. 1 (b) Write a short Note on: Buy- back of Shares.

[08]

Q 2 The Balance sheet of Mahira Ltd. On 31-03-2022 was as under:

[18]

Particulars	Note	Rs.
I. Equity and Liabilities :		
(1) Shareholder's Funds :		
(a) Share Capital :		
12,000 Equity Shares of Rs. 10 each fully paid up		12,00,000
3,000, 10% Red. Pref. Shares of Rs. 10 each 80 paid up		2,40,000
11% Pref. Shares of Rs. 100 each Fully paid		3,00,000
(b) Reserves and surplus :		
General Reserve		2,25,000
Profit & Loss A/c		1,05,000
Securities Premium		30,000
(3) Current Liabilities :		
(a) Trade Payables :		
Creditors		3,00,000
Total		24,00,000

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II. Assets :		
(1) Non - Current Assets :		
(a) Fixed Assets		
(i) Tangible Assets :		
Land		6,45,000
Building		5,10,000
Plant and Machinery		3,50,000
(b) Non- Current Investments		2,10,000
(2) Current Assets :		
(a) Inventories : Stock		2,50,000
(b) Trade Receivables :		
Debtors		2,70,000
(c) Cash and Cash Equivalents : Cash on hand		1,65,000
Total		<u>24,00,000</u>

On this date Company decided to redeem both the classes of Pref. shares at 10% premium after complying with the provisions of companies Act, 2013.

For this purpose necessary number of equity shares of Rs. 100 each are issued at part keeping cash balance of Rs. 90,000 in the business. All investments are sold for Rs. 1,80,000. All pref. shareholders were paid the amount.

Pass necessary journal entries in the books of company and prepare a Balance Sheet.

OR

Q. 2 (a) Write Journal entries for the following transactions In the books of the company: [10]

1. Bina Ltd. Converted its 60 Equity shares of Rs. 100 each into Equity stock of Rs. 6,300.
2. Ratna Ltd. Issued an Equity stock of Rs. 5,700 for every 60 equity shares of Rs. 100 each fully paid up.
3. Anju Ltd. With share capital of Rs. 700 Equity shares of Rs. 100 each fully paid up, decided to sub- divide the shares into 5,000 Equity shares of Rs. 10 each and 2,000, 8% preference shares of Rs. 10 each.
4. X company converted 100 equity shares of Rs. 10 each into Equity stock of Rs. 950. Give journal entry.

Q. 2 (b) Explain the Different modes of alteration.

[08]

Q. 3. The following is the Trial Balance of Radhe Ltd. As on 31-3-2022.

[18]

Debit Balance	Rs.	Credit Balance	Rs.
Expenses of Production	5,28,000	Share Capital	45,00,000
Debtors	9,90,000	10% Debenture	7,50,000
Gov. long term investments	24,85,500	Securities Premium	3,15,000

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Preliminary expenses	90,000	General Reserve	13,50,000
Investments of Debenture Redemption Fund	3,00,000	Capital Reserve	8,25,000
Call in arrears	1,50,000	Debenture Redemption Fund	3,00,000
Contribution to PF	37,500	Provident Fund	1,95,000
Furniture	4,80,000	Sales	39,00,000
Purchases	16,02,000	Bad Debt Reserve	45,000
Land and Buildings	25,50,000	Profit and Loss Statement - Surplus (01-04-2021)	82,500
Machinery	17,25,000	Bank loan	2,19,000
Goodwill	1,20,000	Public Deposit	3,81,000
Patents	60,000	Profit on sale of Investment	1,42,500
Salary	8,55,000	Creditors	4,95,000
Rent and Taxes	3,00,000		
Opening Stock	4,95,000		
Directors fees	52,500		
Stationery & Postage	97,500		
Deferred Tax Assets	4,20,000		
Cash and Bank	1,62,000		
	1,35,00,000		1,35,00,000

After Considering the Following information's, Prepare Final Accounts as Per Schedule III of the Company Act, 2013:

Additional Information:

- (1) Write off Preliminary expenses against General Reserve.
- (2) Stock as on 31-03-2022 is Rs. 15,00,000
- (3) Keep Bad Debts Reserve of Rs. 49,500 on debtors.
- (4) Outstanding expenses for production is Rs. 1,05,000.
- (5) Prepaid Rent is Rs. 75,000.
- (6) Provide 10% Depreciation on Machinery and 12% on Furniture.
- (7) Transfer 3,75,000 to General Reserve.
- (8) Company' management proposed 10% Dividend on paid-up- Equity share capital.

OR

Q. 3. (a) From the following information prepare the Profit and Loss Account: [10]

No.	Particulars	Rs.
1	Revenue from operations	13,00,000
2	Employees benefits expenses	2,25,000
3	Depreciations and amortisation of assets	75,000
4	Consumption of Raw Materials	5,00,000
5	Other Incomes	70,000
6	Finance Cost	30,000

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7	Other expenses	92,500
8	Change in value of stock	(77,500)
9	Tax Rate 50%	--

Q. 3 (b) Prepare a Performa of a Balance Sheet of a company accordance as per Companies Act 2013. [08]

Q.4 Aruna takes over Badal Ltd. On 1st April 2022. Following the balance sheets of the companies immediately before such absorption: [10]

Particulars	Note	Aruna Ltd.	Badal Ltd.
I. Equity and Liabilities :			
(1) Shareholder's Funds :			
(a) Share Capital :			
Equity Shares capital of Rs. 100 each		50,00,000	30,00,000
13% Pref. Shares		22,00,000	17,00,000
(b) Reserves and surplus :			
General Reserve		5,00,000	2,50,000
Export Profit Reserve		3,00,000	2,00,000
Investment Allowance Reserve		-	1,00,000
Profit & Loss A/c		7,50,000	5,00,000
(2) Non – Current Liabilities :			
(a) Long Term Borrowings:			
12% Debenture (Rs. 100 each)		5,00,000	3,50,000
(3) Current Liabilities :		6,50,000	5,00,000
Total		99,00,000	99,00,000
II. Assets :			
(1) Non - Current Assets :			
(a) Fixed Assets		63,25,000	36,00,000
(b) Non- Current Investment		7,00,000	5,00,000
(2) Current Assets :		28,75,000	25,00,000
Total		99,00,000	99,00,000

Aruna Ltd. Discharges the Purchase Consideration as under:

1. Issued 3,50,000 Equity Shares of Rs. 10 Each at par to Equity Shareholders of Badal Ltd.
2. Issued 14% Preference shares Rs. 100 each at par to discharge the preference shareholders of Badal Ltd. At 10% premium.
3. The debenture holders of Badal Ltd. Will be converted into equivalent number of debenture of Aruna Ltd.
4. The Statutory Reserves of Badal Ltd. Are to maintained for 2 more years.

Prepare Balance sheets of Aruna Ltd., after Absorption on the assumption that:

1. The amalgamation is in nature of Merger.
2. The amalgamation is in nature of Purchase.

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OR

Q.4 [a] Radha Ltd. and Shyam Ltd. were amalgamated on and from 1st April 2022. A new company Radheshyam was formed to takeover the Business of existing companies.

Following are the Balance Sheets of both the companies as on 31st March 2022:

Particulars	Note	Radha Ltd. Rs.	Shyam Ltd. Rs.
I. Equity and Liabilities :			
(1) Shareholder's Funds :			
(a) Share Capital :			
Equity Shares of Rs. 100 each fully paid up		25,00,000	20,00,000
(b) Reserves and surplus :			
General Reserve		5,00,000	4,50,000
Revaluation Reserve		2,00,000	1,00,000
Investment Allowance Reserve		80,000	20,000
Profit & Loss A/c		1,00,000	1,50,000
(2) Non – Current Liabilities :			
(a) Long Term Borrowings:			
15% Debenture		4,00,000	2,00,000
(3) Current Liabilities :			
(a) Trade Payables :			
Creditors		2,00,000	70,000
Bills Payable		20,000	10,000
Total		40,00,000	30,00,000
II. Assets :			
(1) Non - Current Assets :			
(a) Fixed Assets			
(i) Tangible Assets :			
Land & Building		20,00,000	15,00,000
Plant and Machinery		8,00,000	5,00,000
(b) Non- Current Investments		2,00,000	1,00,000
(2) Current Assets :			
(a) Inventories : Stock		1,50,000	90,000
(b) Trade Receivables :			
Debtors		2,20,000	1,00,000
Bills Receivables		30,000	10,000
(c) Cash and Cash Equivalents :			
Balance at Bank		6,00,000	7,00,000
Total		40,00,000	30,00,000

Additional Information:

- 15% Debenture Holders of Radha Ltd. And Shyam Ltd. Are discharged by Radheshyam Ltd., issuing such number of its 10% debenture of Rs. 100 each so as to maintain the same amount of Interest.
- Radheshyam Ltd. Will issue 4 equity shares for each equity share of Radha Ltd. And Shyam Ltd. The shares are to be issued at Rs. 30 each, having a face value of Rs. 10 per share.
- Investment Allowance Reserve is to be Maintained for 2 more Years

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Assuming that the amalgamation is in the following two forms, prepare Balance sheet of Radheshyam Ltd. On 1st April 2023:

1. The amalgamation is in nature of Merger.

OR

2. The amalgamation is in nature of Purchase.

Q.4 [b] Choose the most appropriate answer from the following:

[06]

1. A profit and loss appropriation account is used to
 - a) To divide the profit and loss between the owners of the company.
 - b) To show an ideal profit and loss situation of the company according to the market.
 - c) To compare the profit and loss of the company with other companies
 - d) None of the above
- 2 . Redeemable preference shares cannot be redeemed:
 - a) At cost price
 - b) At a premium
 - c) At a discount
 - d) At face Value
- 3 . Generally to whom bonus shares can be given____
 - a) To Preference shareholders
 - b) To Equity shareholders
 - c) To Debenture holders
 - d) To employees
- 4 . In company final account Unclaimed dividend is recorded in ____of the balance sheet.
 - a) Liabilities
 - b) Assets
 - c) Credit
 - d) Debit
- 5 . How many components do final accounts have
 - a) 2
 - b) 5

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- c) 7
- d) 3.

6 . When two or more companies caring on similar business decided to combine a new company is formed, is known as –

- a) Amalgamation
- b) Absorption
- c) Internal Reconstruction
- d) External reconstruction
