

	(₹)
Wages	55,200
Coal and water	2,570
Sales	1,85,000
Closing stock	35,000
	4

- (f) Prepare the 'Balance Sheet of Vijay Co. Ltd.' as on 31<sup>st</sup> March 2013 :

	(₹)
Share Capital	1,00,000
Reserve Fund	10,000
P&L A/c (Cr.)	10,540
5% Debentures	25,000
Outstanding Interest	625
Bank Overdraft	17,000
Creditors	18,000
Proposed Dividend	15,000
Building	1,03,000
Plant and Machinery	30,000
Loose Tools	4,400
Closing Stock	35,000
Debtors	25,000
Cash in hand	3,000

### B.B.A. (Part III) Examination COMPANY ACCOUNTS

Time—Three Hours]

[Maximum Marks—80

**Note :—**(1) ALL questions are compulsory.

(2) All questions carry equal marks.

1. (a) Seema Ltd. issued 10,000, 12% debentures of ₹ 100 each at par payable in full on application by 1<sup>st</sup> April. Applications were received for 11,000 debentures. Debentures were allotted on 7<sup>th</sup> April. Excess money refunded on the same date. Pass necessary journal entries. 4
- (b) Biotech Ltd. issued 1,40,00,000, 9% Debentures of ₹ 100 each at a discount of 6% redeemable at a premium of 5% after 3 years, payable as ₹ 50 on application and ₹ 44 on allotment. Show the working on discount/loss on issue of debentures. 4
- (c) X Ltd. forfeited 500 equity shares of ₹ 10 each fully called up which were, on application ₹ 2, on allotment ₹ 5 (including premium), on first and final call ₹ 5. Only application money was paid by the shareholder in respect of these shares. Pass journal entries for the forfeiture. 4

- (d) Kapil Ltd. issued 10,000, 12% Debentures of ₹ 100 each at a premium of 10% payable in full on application by 1<sup>st</sup> March 2015. The issue was fully subscribed and debentures were allotted on 9<sup>th</sup> March 2015. Pass necessary journal entries including cash transactions. 4

**OR**

1. (e) Amol Ltd. issued 40,00,000, 9% debentures of ₹ 50 each, payable on application as per term mentioned in the prospectus and redeemable at par any time after 3 years from the date of issue. Record necessary entries for issue of debenture in the books of Amol Ltd. 4
- (f) What is the accounting treatment in journal for preference shares issued at discount ? 4
- (g) Rashi Ltd. issued at par 10,000 shares of ₹ 10 each. All shares were fully subscribed and paid except a shareholder having 100 shares could not pay the final call of ₹ 4.50. Show journal entries with respect to final call of the shares. 4
- (h) Country Crafts Ltd. issued 20,00,000, 8% Preference Shares of ₹ 100 each at par payable as ₹ 40 on application and remaining on allotment, redeemable at par after 5 years from the date of issue. Record journal entries for application and allotment of Preference Shares. 4

- (d) A fire occurred on 15<sup>th</sup> September 2014 in godown of M/s X and Y. From the following figures, ascertain the claim to be lodged :

	(₹)
Stock on 1 <sup>st</sup> April, 2014	1,05,300
Purchases from 1 <sup>st</sup> April, 2014 to the date of fire	3,50,400
Manufacturing expenses and wages	2,60,000
Sales from 1 <sup>st</sup> April 2014 to the date of fire	6,76,000
Goods used by the partners themselves (At cost)	10,500
The rate of gross profit is 30% on cost, the stock salvaged was valued at Rs. 36,000.	4

**OR**

3. (e) From the following balances, prepare the Trading A/c of Prerna Company Ltd. for the year ended 31<sup>st</sup> March 2013 :

	(₹)
Opening stock	35,000
Purchases	60,900
Return outwards	2,125
Carriage	1,200

	(₹)
Land and Building	2,00,000
Furniture	20,000
Equipment	30,000
Cash in hand	50,000

4

- (c) From the following information prepare P & L Appropriation Account of Amravati Company Ltd. for the year ended on 31<sup>st</sup> March 2013 :

	(₹)
P & L A/c (Cr.) (1 <sup>st</sup> April 2012)	70,000
Net Profit (Cr.) (31 <sup>st</sup> March 2013)	4,32,000
Provision for taxation	2,16,000
General Reserve	50,000

Proposed Dividend on Preference

Shares	60,000
Interim Dividend on Equity Shares	50,000
Final Dividend on Equity Shares	50,000
Debenture Redemption Fund	16,000

4

2. A Nation's Goods Insurance Company got its valuation made once in every three years. The Goods Insurance Fund on 31<sup>st</sup> December 2014 amounted to ₹ 83,84,000 before providing for ₹ 64,000 for the shareholders' dividend for the year 2013. Its actuarial valuation on 31<sup>st</sup> December 2014 disclosed net liability of ₹ 80,80,000 under the assurance and annuity contracts. An interim bonus of ₹ 80,000 was paid to the policyholders during the three years ending 31<sup>st</sup> December 2014.

Prepare Statement showing the amount available presently as bonus to policyholders and profits for 3 years ending 31<sup>st</sup> Dec. 2013.

16

OR

2. The valuation of a life office was done on 31<sup>st</sup> December 2014. The Actuaries Certificate revealed the net liability on policies and annuities at ₹ 68,19,000. Revenue items are as follows (for the year 2014) :

	(₹)
Bonus in Reduction of Premium	6,000
Bonus in cash	1,35,000
Premiums	46,50,000
Claims	32,25,000
Surrenders	2,25,000
Interest and Dividends (Net)	1,50,000
Annuities	12,30,000

	(₹)
Commission	1,50,000
Expenses of Management	3,00,000
Interim Bonus for Valuation Period (Paid)	1,50,000
Consideration for Annuities granted	16,50,000
Life Insurance Fund as on 1/1/2014	59,40,000

Prepare Revenue A/c and ascertain profit or loss made by Co. It was decided by the company to write down the investments from ₹ 70,20,000 to ₹ 67,50,000, if the valuation shows surplus. There was an Investment fluctuation fund amounting to ₹ 1,95,000.

As a result of the valuation, the company declared a reversionary bonus of ₹ 20 per ₹ 1,000 and gave policyholders the option to get the bonus in cash @ ₹ 10 per ₹ 1,000. The total business in force was ₹ 13.5 crores. One third of the policyholders in value decided to get bonus in cash. Show how much policyholders can get by way of share in profit. Ignore taxation.

16

3. (a) Prepare Trading Account of Usha Co. Ltd. for the year ended 31<sup>st</sup> March 2013 :

	(₹)
Stock (1 <sup>st</sup> April 2012)	25,000
Sales	80,000

	(₹)
Sales Return	1,700
Coal, Gas and Water	700
Purchase Return	3,400
Carriage Inward	2,300
Wages	21,400
Purchases	50,000
Carriage Outward	2,000
Salary and Wages	1,000

Adjustment :

Value of stock as on 31<sup>st</sup> March 2013, ₹ 30,000.

4

- (b) Prepare Balance sheet of Bhawna Company Ltd. as on 31<sup>st</sup> March 2013 :

	(₹)
Share Capital	3,00,000
P&L A/c	1,40,000
Creditors	1,70,000
Bills Payable	30,000
Bank Balance	2,00,000
Closing Stock	50,000
Debtors	90,000



	(₹ in 000's)
Cash with S.B.I.	4,000
Reserve	3,000
Circular Notes	1,000
Letters of Credit	500
Telegraphics transfers payable	300
Bank drafts	200
Short loans	40
Rebate on bills discounted	10
Acceptances for customers	5,000
Loans	10,000
Cash credit	10,000
Bank overdraft	1,000
Bills purchased	1,000
Current and deposit account	56,000
Investment Fluctuation Account	100
Bills negotiated	100
Premises	1,000
Liability on bill of exchange re-discounted amounts Rs. 3,70,000 and on account of outstanding forward exchange contracts Rs. 2,00,000.	16

#### Adjustments :

- (i) Plant and Machinery to be depreciated by 10%.
- (ii) Provide reserve for bad debts at 3% on Debtors and 2% reserve for discount on Debtors. 4
- (g) From the following information prepare P & L Appropriation A/c of Anil Trading Co. Ltd. for the year ended on 31<sup>st</sup> March, 2013 :

	(₹)
P & L A/c (Cr.) (1 <sup>st</sup> April 2012)	15,000
Net Profit (31 <sup>st</sup> March 2013)	20,540
Interim Dividend	7,500
Final Dividend	7,500
Provision for Reserve Fund	6,000
Provision for Debentures Redemption Fund	4,000
	4

- (h) Calculate claim amount :
- Claims paid — ₹ 4,80,000
- Claims on 1<sup>st</sup> April 2014 ₹ 40,000
- Claims intimated and accepted but not paid on 31<sup>st</sup> March 2015 — ₹ 70,000
- Reinsurance premium paid — ₹ 1,20,000
- Premium received — ₹ 12,00,000
- Reinsurance recoveries and claims — ₹ 8,000
- Medical expenses regarding claims — ₹ 5,000
- Legal expenses — ₹ 4,000
- Interest and dividends — ₹ 10,000 4

4. (a) Differentiate between internal reconstruction and external reconstruction. 4

(b) Net profits of a business, after providing for taxation, for the past five years are ₹ 80,000, ₹ 85,000, ₹ 92,000, ₹ 1,05,000 and ₹ 1,18,000. The capital employed in the business is ₹ 8,00,000. The normal rate of return expected in this type of business is 10%. It is expected that the company will be able to maintain its super profits for the next 5 years. Calculate the value of goodwill on the basis of 5 years' purchase of super profit method. 4

(c) A Ltd. takes over the business of B Ltd. A Ltd.'s shares are valued at ₹ 12 each (paid-up value of ₹ 10) and that of B Ltd.'s at ₹ 6.

**Balance Sheet of B Ltd.**

Liabilities	₹	Assets	₹
<b>Share Capital</b>		<b>Fixed Assets</b>	
50,000 Shares of ₹ 10 each fully paid-up	5,00,000	(at cost)	2,25,000
Creditors	1,50,000	Current Assets	1,75,000
		Goodwill	1,35,000
		Profit & Loss A/c	1,15,000
	<u>6,50,000</u>		<u>6,50,000</u>

Calculate purchase consideration and no. of shares to be issued. 4

**Other Information :**

- (i) Surya Ltd. purchased on July 1, 2014, 4,000 Shares in Chanda Ltd. at ₹ 15 each.
- (ii) Stock in Chanda Ltd. includes ₹ 7,500 worth of goods purchased from Surya Ltd. which company sells goods at 25% above cost.
- (iii) Creditors of Chanda Ltd. include ₹ 5,000 due to Surya Ltd.

Prepare Consolidated Balance Sheet as on December 31, 2014. 16

**OR**

5. From the information prepare Balance Sheet of HDFC Bank Ltd. as on 31<sup>st</sup> March 2013 :

(₹ in 000's)

Authorised Capital	4,000
Subscribed Capital	2,000
Investment	7,000
Bill discounted	15,000
P & L A/c (Cr.)	850
Endorsement on bills negotiated	100
Liability of customers for acceptances	5,000
Money at call and short notice	9,000
Cash in hand	2,000
Cash with R.B.I.	4,000

5. The following are the Balance Sheets of Surya Ltd. and Chanda Ltd. as on 31<sup>st</sup> December 2014.

**Balance Sheets**

	<b>Surya Ltd. ₹</b>	<b>Chanda Ltd. ₹</b>
<b>Share Capital :</b>		
Shares of ₹ 10	2,00,000	50,000
General Reserve	50,000	20,000
Profit & Loss A/c Balance (1-1-2014)	30,000	7,500
Profit for 2014	50,000	20,000
Creditors	20,000	10,000
	<u>3,50,000</u>	<u>1,07,500</u>
	<b>Surya Ltd. ₹</b>	<b>Chanda Ltd. ₹</b>
<b>Fixed Assets</b>	1,95,000	70,000
<b>Investments :</b>		
Shares in Chanda Ltd.	60,000	—
Debtors	35,000	25,000
Other Current Assets	60,000	12,500
	<u>3,50,000</u>	<u>1,07,500</u>

- (d) Differentiate between Net Payment Method and Net Assets Method with example in amalgamation.

4

**OR**

4. (e) Bright Light Ltd. is absorbed by Sun Light Ltd. The assets and liabilities are given below :
- Bright Light Ltd. : Cash ₹ 5,000, Investments ₹ 10,000, Reserves ₹ 10,000, Debentures ₹ 60,000, Machinery ₹ 70,000, Book debts ₹ 45,000, Creditors ₹ 30,000, Workmen's Compensation Reserve ₹ 10,000, Goodwill ₹ 20,000, Stock ₹ 10,000.
- Sun Light Ltd. : Capital ₹ 40,000, Investment ₹ 65,000, Reserves ₹ 27,000, Debentures ₹ 50,000, Machinery ₹ 60,000, Book debts ₹ 10,000, Creditors ₹ 20,000, Workmen's Compensation fund ₹ 5,000, Stock ₹ 5,000, Cash ₹ 2,000.
- Capital of Bright Light Ltd. consists 1000 shares of ₹ 100 per share, ₹ 50 called up and that of Sun Light Ltd. ₹ 100 per share, ₹ 40 called up. It was agreed that the shareholders of Bright Light Ltd. were to be issued such number of new Re. 1 shares of Sun Light Ltd. at their intrinsic value as would equal the intrinsic value of Bright Light Ltd. shares.

The debtors of Sun Light Ltd. include ₹ 5,000 due by Bright Light Ltd. and investments include ₹ 5,000 paid up value of shares in Bright Light Ltd. The stocks of Bright Light Ltd. include ₹ 2,000 worth of stock bought from Sun Light Ltd. invoiced at 10% profit on the sale price by Sun Light Ltd.

Calculate Purchase Consideration payable. 4

- (f) Current Assets as per Balance Sheet is ₹ 2,00,000, Market value of Fixed Assets ₹ 3,50,000, Goodwill as per valuation is ₹ 50,000, 5% Debentures ₹ 1,00,000, Current Liabilities ₹ 1,30,000.

Calculate the intrinsic value of share on the basis of Net Assets Method. 4

- (g) Write a brief note on Annuity of Super Profit Method. 4

- (h) Taking into consideration the following items, create Realization A/c in the books of XYZ Ltd.

- (i) Share capital—2000 shares @ ₹ 100 each
- (ii) Reserve fund ₹ 20,000
- (iii) 5% Debentures ₹ 1,00,000
- (iv) Loan from Director ₹ 40,000
- (v) Sundry Creditors ₹ 80,000
- (vi) Goodwill ₹ 35,000

(vii) Land and Building ₹ 85,000

(viii) Stock ₹ 55,000

(ix) Debtors ₹ 65,000

(x) Plant and Machinery ₹ 1,60,000

(xi) Cash at Bank ₹ 34,000

(xii) Discount on debenture ₹ 6,000

Business of XYZ Ltd. is taken by ABC Co. Ltd. on following terms :

- (i) It will take over all assets except cash. Assets will be valued at 10% less, except goodwill which was to be valued at 4 years' purchase of the excess of average (5 years) profits over 8% of the combined amount of Share capital and Reserve.
- (ii) ABC Ltd. took over trade creditors which were subject to a discount of 5%.
- (iii) Purchase consideration was to be discharged by cash to the extent of ₹ 1,50,000 and balance in fully paid equity shares of ₹ 10 each valued at ₹ 12.50 per share. The average of five years' profit was ₹ 30,100. The expenses of liquidation amounted to ₹ 4,000. Calculate Purchase Consideration on Net Assets Method.

4