

**B.B.A. (Part-II) (Semester-III) Examination**  
**BBA/303**  
**COMPANY ACCOUNTS**

Time : Three Hours]

[Maximum Marks : 80

**Note :—** (1) There are **three** sections [A,B and C].(2) Section **A**—20 marks, Section **B**—20 marks, Section **C**—40 marks.

(3) All questions are compulsory.

(4) Section B and Section C comprise of short and long questions respectively, one each from respective unit having internal choice from the same unit.

(5) Show necessary working notes wherever necessary.

**SECTION—A**

Choose an appropriate option

1. When shares are forfeited, share capital account is \_\_\_\_\_.  
 (a) Debited (b) Credited  
 (c) Adjusted (d) None of these
2. Dividends are usually paid as a percentage of \_\_\_\_\_.  
 (a) Authorised share capital (b) Net Profit  
 (c) Paid-up capital (d) None of these
3. Following share holders having voting right :  
 (a) Preference Shares (b) Equity Shares  
 (c) Bonus Shares (d) None of these
4. If the shares are re-issued at premium the excess amount should be credited to \_\_\_\_\_.  
 (a) Share Capital A/c (b) Share Premium A/c  
 (c) Share A/c (d) Capital Reserve
5. The issue of debenture at its face value is called the issue \_\_\_\_\_.  
 (a) at Par (b) at Discount  
 (c) at Premium (d) None of these
6. The debenture is \_\_\_\_\_ of the company.  
 (a) Debtor (b) Creditor  
 (c) Owner (d) Supplier
7. \_\_\_\_\_ debenture is that of which the amount is repaid within specific period.  
 (a) Redeemable (b) Irredeemable  
 (c) Secured (d) Non convertible
8. The Interest on debenture is transferred to \_\_\_\_\_.  
 (a) Debenture A/c (b) Profit and Loss A/c  
 (c) Balance Sheet (d) Debenture holder A/c

9. Dividend is paid on \_\_\_\_\_.
  - (a) Issue Price
  - (b) Market Price
  - (c) Paidup amount of share
  - (d) Face value
10. Goodwill is \_\_\_\_\_.
  - (a) Fixed Assets
  - (b) Current Assets
  - (c) Intangible Assets
  - (d) Tangible Assets
11. If profit is Rs 22,000 and rate of commission is 10% on the profit after charging such commission is \_\_\_\_\_.
  - (a) Rs. 2200
  - (b) Rs. 2000
  - (c) Rs. 2444
  - (d) None of these
12. Advance Payment of tax is in the nature of \_\_\_\_\_.
  - (a) Capital Expenses
  - (b) Revenue Expenses
  - (c) Pre-paid Expenses
  - (d) Outstanding Expenses
13. The excess of purchase consideration over net assets is \_\_\_\_\_.
  - (a) Securities Premium
  - (b) Capital Reserve
  - (c) Goodwill
  - (d) Preliminary expenses
14. Purchase consideration is payable in \_\_\_\_\_.
  - (a) Share
  - (b) Cash
  - (c) Debenture
  - (d) Any one of above or all of the above
15. Both of the old companies will not exist in \_\_\_\_\_.
  - (a) Internal Reconstruction
  - (b) Absorption
  - (c) External Reconstruction
  - (d) Amalgamation
16. At the time of Amalgamation, the vendor company transfers preliminary expenses to \_\_\_\_\_.
  - (a) Realisation A/c
  - (b) Bank A/c
  - (c) Equity Shareholders A/c
  - (d) Purchasing Co. A/c
17. Girish Company's Balance Sheet shows Fixed Assets Rs. 246500. At the time of Absorption calculation of Net Assets is 15% less than the market value, then market value of such Fixed Assets is \_\_\_\_\_.
  - (a) Rs. 2,83,475
  - (b) Rs. 2,09,525
  - (c) Rs. 2,90,000
  - (d) None of these
18. Profit on Realisation A/c must be transferred to \_\_\_\_\_.
  - (a) Equity Shareholders
  - (b) Creditors
  - (c) Preference Shareholders
  - (d) Debenture holders
19. The process in which one company takes over the other company is known as \_\_\_\_\_.
  - (a) Absorption
  - (b) Amalgamation
  - (c) Reconstruction
  - (d) None of these

20. In Absorption of company, Liabilities taken over means only \_\_\_\_\_.  
 (a) Internal Liabilities (b) Both liabilities  
 (c) Only external Liabilities (d) None of these 20

### SECTION-B

1. GND company issued a Prospectus for 1000 shares at the rate of Rs. 15 sold on 20% discount, amount called as under  
 on application Rs. 3  
 on allotment Rs. 5 (excluding discount)  
 on 1<sup>st</sup> call Rs. 4  
 Company sold all the shares and amount received. Pass Journal Entries. 4

### OR

- XYZ Co. is registered with an authorised capital of Rs. 15,00,000 divided into 15000 shares of Rs. 100 each. Two years back the company issued 10,000 shares which were fully subscribed. To meet the requirement of additional funds for expansion of business. The company decided to issue remaining 5000 shares at a discount of 10% It was decided to collect the entire issue price of the shares in one single installment along with application. Applications were received for 4500 shares only and allotted. Pass Journal Entries. 4
2. PD Ltd. issued 20,000 15% Debentures of Rs. 100 each at 6% discount redeemable at par after 5 years, payable Rs. 60 on application and the balance on allotment; all debentures were subscribed and money was received. Pass Journal Entries. 4

### OR

- What is meant by Issue of debentures at discount and redeemable at Premium ? 4
3. From the following Balances prepare Balance Sheet of Yashika Trading Company as on 31<sup>st</sup> March 2015 :

	Rs.
Equity Share Capital	10,00,000
Land and Building	5,50,000
Furniture	4,00,000
Plant and Machinery	50,000
Goodwill	1,25,000
Calls in Arrears	1000
General Reserve	2,10,000
Loan From Bank	2,00,000
Creditors	1,50,000
Stock	2,47,000
Cash at Bank	2,80,000
Unsecured Loan	68,000
Provision for Tax	1,21,000

Debtors	2,00,000
Advances (Dr.)	42,700
Proposed Dividend	60,000
Profit and Loss A/c (Cr.)	1,00,000
Preliminary Expenses	13,300

**OR**

What is an Interim Dividend ?

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4. MN Co. and LM Co. decided to amalgamate and form a New company MNC Ltd. to take over their Business. On the date of amalgamation Balance Sheet of MN Co. is as under :

Liabilities	Amount	Assets	Amount
Share Capital		Land and Building	1,00,000
20,000 shares of 10 each	2,00,000	Plant	2,42,500
10% Debentures	1,00,000	Debtors	25,000
Trade Creditors	30,000	Cash at Bank	12,600
Reserve Fund	50,100		
	<b>3,80,100</b>		<b>3,80,100</b>

MN Co. Ltd agreed to give to MN Co. the purchase consideration as under :

- (1) MN Co. Ltd. to give to MN Co. Ltd. sufficient amount of cash for redemption of debentures at a premium of 5%
- (2) MN Co. Ltd. to accept the liability of Trade Creditors of MN Co. in full.
- (3) MN Co. Ltd. to give its 1 Equity Share of face value of Rs. 5 at the Market price of Rs. 8 and Rs. 7 in cash for each equity share in MN Co.

Find out the amount of purchase consideration payable to MN Co.

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**OR**

What is Amalgamation ? What are its objects ?

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5. What is absorption ? How does it differ from Amalgamation ?

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**OR**

Following are the Balance Sheets of X Ltd. and Y Ltd.

Liabilities	X Ltd.	Y Ltd.	Assets	X Ltd.	Y Ltd.
Capital			Building	70,000	77,000
(Shares of Rs.10 each)	1,00,000	80,000	Machinery	30,000	40,000
Creditors	50,000	40,000	500 shares (Y Ltd.)	6,000	

		200 shares (X Ltd.)		2,500
		Current Assets	44,000	500
<b>1,50,000</b>	<b>1,20,000</b>		<b>1,50,000</b>	<b>1,20,000</b>

Y Ltd. is absorbed by X Ltd. X Ltd. issues two shares of Rs. 10 each at a premium of Rs. 2 per share for every one share of Y Ltd. Pass Journal Entries in the Books of X Ltd.

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### SECTION—C

1. The Vishal Trading Company Ltd. was registered on 1<sup>st</sup> January 2002 with 10,000 equity shares of Rs. 10 each. The company offered 8000 shares for subscription to public. The condition was that Rs. 3 per share are payable on application, Rs. 5 per share including Rs. 2 as premium on allotment, Rs. 2 on first call and Rs. 2 on Final call.

The company received applications for 9,000 shares of which applications for 500 shares were cancelled and money refunded. The application money on another 500 shares were transferred to allotment on prorata basis. Money due on allotment was received in time.

The company made 1<sup>st</sup> call and received money in due course of time accepting on 600 shares. Subsequently the company forfeited these 600 shares for nonpayment of first call. Pass Journal Entries in the Books of Company.

8

**OR**

Explain over-subscription of shares. How excess application amount is treated in account ?

8

2. What are the different methods for the redemption of debentures ?

8

**OR**

The HMT Company Ltd. issued at par Rs. 6,000 (7%) Debentures of Rs. 100 each payable 20% on application,  
20% on allotment,  
30% on First Call and  
Balance on Final Call

Excepting the allotment money 400 debentures and call money on 600 debentures which were in arrears, all the money was duly received. Pass Journal Entries.

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3. Distinguish between Public Limited Company and Private Limited Company.

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**OR**

Prepare Trading and Profit and Loss of Mukti Traders for the year ended 31st March 2016.

**Rs.**

Opening Stock	
Raw Material	12,50,000
Finished goods	9,70,000
Material Purchase	82,30,000

Carriage on Purchase	3,15,000
Wages	28,89,600
Fuel	2,62,500
Salaries	2,85,500
Directors fees	1,80,000
Local Taxes and Insurance	49,800
General Expenses	56,800
Debentures Interest Paid	50,000
Discount allowed	2,40,000
Audit fees	10,500
Preliminary Expenses	5,00,000
RDD	50,000
Salaries and Allowances	9,93,700
Rent received	19,500
Commission received	84,000
Sales	1,50,00,000

**Adjustment :**

(1) Closing stock :

Raw material	11,50,000
Finished Goods	11,55,000

(2) Interest for 6 months is outstanding on debentures Rs. 50,000

(3) Outstanding salaries Rs. 30,000

(4) Insurance paid in advance Rs. 5,000

(5) 1/5 of Preliminary Expenses are to be written off. 8

4. Explain Amalgamation in the nature of Merger and Purchase. 8

**OR**

Star Co. Ltd. and Moon Co. Ltd. decided to Amalgamate and form a new Company Sunrise Co. Ltd. to purchase their business. The New Company took over the business of the existing companies at the values of assets and liabilities as shown in the following Balance Sheets :

**Balance Sheets**

Liabilities	Star	Moon	Assets	Star	Moon
Issued Capital			Land and building	3,00,000	5,00,000
Equity shares			Plant and machinery	2,50,000	2,00,000
of Rs. 10 each	5,00,000	10,00,000	Goodwill	—	50,000
Sundry Creditors	50,000	80,000	Stock	20,000	1,50,000

Reserve Fund	50,000	—	Debtors	20,000	1,20,000
P & L A/c	50,000	50,000	Patents	—	1,10,000
			Bank Balance	10,000	50,000
	<b>6,50,000</b>	<b>11,30,000</b>		<b>6,50,000</b>	<b>11,30,000</b>

The authorised capital of Sunrise Co. Ltd. was divided into 2,00,000 equity shares of Rs. 10 each and the required shares were given to Star Co. Ltd. and Moon Co. Ltd. as purchase consideration.

Pass Journal Entries for purchase of Business of Star Co. Ltd. and Moon Co. Ltd.

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5. Thick Ltd. agrees to take over the business of Thin Ltd. The following is the Balance Sheet of Thin Ltd.

Liabilities	Amount	Assets	Amount
Paid-up Capital (60,000 shares of 10 each)	6,00,000	Land and Building	1,80,000
Reserve Fund	1,20,000	Plant and Machinery	1,25,000
Creditors	75,000	Stock	2,50,000
Profit and Loss A/c	65,000	Debtors 2,90,000	
		(–) Provision 10,000	2,80,000
		Bank	25,000
	<b>8,60,000</b>		<b>8,60,000</b>

The purchasing company took all the assets and liabilities of the vendor company excepting a sum of Rs. 10,000 to provide for cost of liquidation and payment to any dissenting shareholders. The purchase price was to be discharged by the allotment to the shareholders of the vendor company of 10 shares of Rs. 10 each (Rs. 9 paid-up) of the purchasing company for every 10 shares. The expenses of liquidation amount to Rs. 3000. Dissenting shareholders of 500 shares are paid out Rs. 14 per share i.e. Rs. 7,000.

Pass Journal Entries in the Books of Thin ltd.

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**OR**

What is Absorption ? State its important features.

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