

**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) Prajakta Company Ltd. is having an authorised share capital of Rs. 20,00,000 divided into equity shares of Rs. 100 each of which company has issued 10,000 shares at the premium of Rs. 20 each and called the amount as under :

With application Rs. 35 each and at allotment remaining amount (including premium)

Applications received for 12760 shares of which applications for 760 shares rejected and application money thereon is refunded. Remaining applications are allotted on pro-rata basis. All the amounts are called and rejected except allotment money on 500 shares.

Pass Journal Entries upto allotment. 4

- (B) Vaishali Ltd. issued 10,000, 12% debentures of Rs. 100 each at par payable in full on application by 1<sup>st</sup> April. Applications were received for 11000 debentures. Debentures were allotted on 7<sup>th</sup> April. Excess money refunded on the same date.

Pass necessary Journal Entries. 4

- (C) Pooja Co. Ltd. issued 1,00,000 shares of Rs. 100 each at premium of Rs. 5 per share payable as follows :—

on Application Rs. 20 each

on Allotment Rs. 30 each (with premium)

on First call Rs. 30 each and

remaining on final call.

All shares are subscribed and amount received in full. Prepare 'Bank Account'. 4

- (D) Nikita holds 500 equity shares of Komal Engineering Co. Ltd. having the face value of Rs. 100 each and issued at 5% discount. Nikita has paid Rs. 20 each with application and Rs. 30 on allotment (adjusting discount) but failed to pay Rs. 30 each at first call and remaining at final call. So the Co. has decided to forfeit its shares after final call. After forfeited shares are reissued to Priti at Rs. 70 each as fully paid. Pass Journal Entries for forfeiture and reissue of shares. 4

**OR**

- (E) The Sarang Co. Ltd. has issued 2,00,000 equity shares of Rs. 100 each at the premium of Rs. 20 each. Terms were as under :

With Application Rs. 20 each.

At allotment Rs. 40 each (Including premium)

At first call Rs. 30 each

At final call Rs. 30 each

All the shares are subscribed, called up and paid-up. Prepare 'Capital Account'. 4

(F) Jharkhand Alloy Co. Ltd. has issued 10,00,000 shares having face value of Rs. 100 each at 5% discount. Amounts are called as follows :

With Application Rs. 45 and remaining at allotment (Adjusting discount)

Applications received for 9,00,000 shares which are fully called-up and paid-up.  
Pass Journal Entries in the books of Co. 4

(G) Akash Ltd. issued 40,00,000, 9% debentures of Rs. 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 debentures, in the books of Akash Ltd. 4

(H) Explain the types of Debentures. 4

2. From the following balances as on 31<sup>st</sup> December 2018 appearing in the ledger of the Electric Light and Power Co. Ltd. you are required to prepare :—

- (A) Revenue Account  
(B) Net Revenue Account  
(C) Receipt and Expenditure on Capital Account.  
(D) General Balance Sheet.

	Rs.
Equity Shares	54,900
Debentures	20,000
Land on 31-12-2017	15,000
Land purchased during 2018	500
Machinery on 31-12-2017	60,000
Machinery purchased during 2018	500
Mains including cost of laying 31-12-2017	20,000
Spent on mains during 2018	5,100
Sundry Creditors	100
Depreciation Fund	25,000
Sundry Debtors for current supplied	4,000
Other debtors	50
Stores on hand	700
Cash	300
Cost of generating Electricity	3,000
Cost of distributing Electricity	600
Rent, rates and taxes	400
Management Expenses	1,200
Depreciation	2,000
Sale of current	13,200
Rent of meters	300
Interest on debentures	1,000
Dividends	2,000
Balance of Net Revenue Account (31-12-2017)	2,850

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OR

Following is the Trial Balance of Hotel Royal Inn as on 31<sup>st</sup> Dec. 2018. You are required to prepare Profit and Loss A/c and Balance Sheet.

**Trial Balance**  
**As on 31st Dec. 2018**

Particulars	Amt. (Rs.)	Particulars	Amt. (Rs.)
Stock	15,000	Sundry Creditors	16,000
Kitchen Equipments	60,000	Capital	3,00,000
Salaries and Wages	75,000	Room Charges	1,87,000
Sundry Debtors	30,000	Food and Beverages	2,17,500
Repairs and Renewable	3,750	Interest on deposits	7,500
Cash at Bank	60,000	Discount Received	4,500
Postage and Telephone	6,750	Sundry Received	22,500
Purchases	1,65,000		
Printing and Stationery	8,000		
Utensils	22,000		
Power and Fuel	14,250		
Advertising	7,000		
Drawings	23,000		
Furniture	33,750		
Bad debts	6,000		
Buildings	2,22,500		
Rates and Taxes	3,000		
	<b>7,55,000</b>		<b>7,55,000</b>

Additional Information :—

- (1) Outstanding salary and wages Rs. 15,000.
- (2) A proprietor is to be charged Rs. 5,000 out of which Rs. 3,000 is for accommodation and Rs. 2,000 is for food and beverages.
- (3) Staff is to be charged Rs. 15,000 out of which Rs. 10,000 are for accommodation and Rs. 5,000 are for food and beverages, as they are provided with free accommodation and meals.
- (4) Depreciation is to be provided on the hotel assets as follows :—
  - (a) Furniture 10%
  - (b) Buildings 5%
  - (c) Kitchen equipments 10% and,
  - (d) Utensils Rs. 3,000.
- (5) Telephone bills of the hotel are outstanding Rs. 1250.

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3. (A) From the following information prepare 'Manufacturing Account' of Steel Co. Ltd. for the year ended on 31<sup>st</sup> March 2018 :

Particulars	Rs.	Rs.
Opening Stock :		
Raw Material	25,000	
Work-in-progress	22,500	
Finished Goods	2,500	50,000
Purchases		70,000
Wages		20,000
Factory Expenditure		12,500
Carriage Inward		2,050
Sales		1,05,000
Closing Stock :		
Raw Material	12,500	
Work in progress	15,000	
Finished Goods	32,500	60,000
Excise Duty and Power		5,000

4

- (B) From the following information prepare "Balance Sheet" as on 31<sup>st</sup> March 2018 :

	Rs.
Share Capital	
2,00,000 equity shares Rs. 10 each	20,00,000
Reserve Fund	4,60,000
Sundry Debtors	2,60,000
Land and Building	17,00,000
10% Debentures	14,00,000
Dividend Equalisation Fund	5,00,000
Machinery	22,00,000
Sundry Creditors	4,00,000
Stock (31 <sup>st</sup> March 2018)	8,00,000
Furniture	1,00,000
Profit and Loss A/c (Cr.) (31 <sup>st</sup> March, 2018)	3,00,000

4

- (C) From the following find out loss of profit for claim on short Sale :

	Rs.
(1) Rate of Gross Profit	20%
(2) Standard Turnover	48,000
(3) Increasing trend in turnover	10%
(4) Turnover during period of dislocation	16,000

4

(D) From the following prepare Memorandum Trading A/c to find out Closing Stock :

	<b>Rs.</b>
Purchase amounted to	85,000
Sales amounted to	90,000
Goods costing taken by businessman for his personal use	5,000
Stock on hand on 1 <sup>st</sup> Jan	40,000
Rate of Gross Profit was	33 $\frac{1}{3}$ %
Stock under valued by	20%

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**OR**

(E) Following balances are extracted from the account books of Vaidehi Co. Ltd. as on 31<sup>st</sup> March 2018. Prepare Profit and Loss Accounts.

<b>Particulars</b>	<b>Rs.</b>	<b>Particulars</b>	<b>Rs.</b>
Commission Paid	30,000	Fire Insurance	35,000
Share Transfer fee	50,000	Rent and Taxes	37,000
Municipal Tax paid	18,000	Depreciation	48,000
Trade Expenses	4,20,000	Bad Debts	25,000
Gross Profit	24,30,000	Carriage outward	2,30,000
Salary	4,00,000	Travelling Expenses	18,000
Commission Recd.	1,30,000	Printing and Stationery	21,000

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(F) Prepare a Balance Sheet of Sumit Co. Ltd. as on 31<sup>st</sup> March 2018 :

<b>Particulars</b>	<b>Rs.</b>
Share Capital	50,000
Building	25,000
Bills Receivable	1,200
Sundry Debtors	9,700
Investment	10,000
Cash at Bank	7,500
Net Profit	11,050
Closing Stock	16,700
Furniture	8,000
Bills Payable	1,500
Cash in hand	250
Sundry Creditors	15,800

4

(G) From the following compute the amount of claim by average clause :

Value of policy	2,00,000
Stock on hand in the godown on the date of fire	2,50,000
Stock destroyed by fire	1,00,000

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(H) A Fire occurred in the premises of businessman on 31<sup>st</sup> Jan 2017, which destroyed most of the stock, however stock worth Rs. 5,940 was salvaged.

For the year ended 31st Dec. 2016 Turnover was Rs. 15,00,000 and Gross Profit Rs. 2,25,000 and Stock Rs. 3,93,750.

Transactions for the month of Jan 2017 :—

	Rs.
Turnover	75,000
Payment to Creditors	80,010
Creditors on 1.1.2017	1,13,000
Creditors on 31.1.2017	1,15,490

You are required to submit claim for insurance for loss of stock. 4

4. (A) From the following information, calculate the value of equity shares :

	Rs.
(i) 6,000 4% preference shares of Rs. 100 each	6,00,000
(ii) 7,500 Equity shares of Rs. 100 each	7,50,000
(iii) Expected profit per year (before Tax)	3,75,000
(iv) Income Tax Rate 50%	
(v) Transfer to General Reserve 20% of profit	
(vi) Normal Rate of Earning 12%	4

(B) From the following information calculate the value of goodwill by 3 years purchase of Super Profit method :

- (i) Average capital employed in the business is Rs. 50,00,000.
- (ii) Net Trading Profit and Loss of the firm for the past four years were Rs. 12,20,000; Rs. 15,00,000; Rs. 2,00,000 (Loss). Rs. 21,00,000.
- (iii) Expected Rate of Interest based on risk 10% p.a.
- (iv) Fair remuneration to the Directors for their service Rs. 3,60,000 per annum, not charged to Profit and Loss Account so far. 4

(C) The Balance Sheet of Swapnil Co. Ltd. as on 31st March 2018 was as follows :

Liabilities	Amt(Rs.)	Assets	Amt(Rs.)
Share Capital @ Rs. 100	66,000	Land	70,400
General Reserve	18,700	Stock	18,480
Profit and Loss A/c	12,100	Goodwill	11,000
12% Debentures	11,000	Debtors	3,960
Creditors	2,200	Cash	6,160
	<b>1,10,000</b>		<b>1,10,000</b>

Chetan Co. agreed to absorb the business of Swapnil Co. and the purchase consideration is as follows :

- (i) In the form of cash Rs. 16,500
- (ii) In the form of shares Rs. 1,48,500
- (i i) Debentures on 10% premium Rs. 12,100.

Prepare Realisation A/c in the books of Swapnil Co. Ltd. 4

(D) Explain Yield method of valuation of shares.

4

**OR**

(E) OM Co. Ltd. and Sai Co. Ltd. were amalgamated into 'OmSai' Co. Ltd. on the basis of following Balance Sheets and information.

**Balance Sheet of OM Co. Ltd. and Sai Co. Ltd.**

<b>Liabilities</b>	<b>OM Co. Ltd. (Rs.)</b>	<b>Sai Co. Ltd. (Rs.)</b>
Paid up Capital	2,24,000	1,75,000
Creditors	5,000	6,000
Reserve	8,000	12,000
Profit & Loss A/c	11,000	4,000
	<b>2,48,000</b>	<b>1,97,000</b>

  

<b>Assets</b>	<b>OM Co. Ltd. (Rs.)</b>	<b>Sai Co. Ltd. (Rs.)</b>
Goodwill	80,000	32,000
Land	50,000	60,000
Plant	41,000	10,000
Stock	42,000	33,000
Debtors	23,000	40,000
Cash	12,000	22,000
	<b>2,48,000</b>	<b>1,97,000</b>

It was agreed that in respect of both the Co.s, the value of Land of OM Co. Ltd. will be Rs. 45,000 and Sai Co. Ltd. will be Rs. 54,000 and debtors of OM Co. Ltd. will be Rs. 21,850 and Sai Co. Ltd. will be Rs. 38,000. The value of Goodwill of OM Co. Ltd. will be Rs. 12,000 and Sai Co. Ltd. will be Rs. 5,000.

Determine amount of Purchase consideration.

4

(F) From the above Q.4 (E), pass the Journal entries in the books of 'Omsai' Co. Ltd.

4

(G) Following is the Balance Sheet of Kokan Harper Co. Ltd. as on 31<sup>st</sup> March 2018 :

<b>Liabilities</b>	<b>Amt. (Rs.)</b>	<b>Assets</b>	<b>Amt (Rs.)</b>
Share Capital (10,000 equity shares of Rs. 100 each)	10,00,000	Land and Building	5,50,000
Reserve Fund	2,00,000	Plant	6,50,000
P & L Account	1,60,000	Trade Mark	1,00,000
Unsecured Loan	3,00,000	Stock	2,40,000
Employee's		Debtors	4,40,000
Saving Deposits	1,50,000	Bank	2,60,000
Creditors	4,90,000	Preliminary Expenses	60,000
	<b>23,00,000</b>		<b>23,00,000</b>

Land and Building and Plant are revalued at Rs. 12,00,000 and Rs. 6,00,000 respectively Rs. 40,000 of the debtors are irrecoverable. Goodwill of the company is valued at Rs. 8,00,000. Find the value of equity shares by Intrinsic Value method.

4

(H) Following are the Profit/Loss of Bhushan Co. Ltd. for six Years :—

2013-14	- 6,00,000 (Profit)
2014-15	- 5,00,000 (Profit)
2015-16	- 50,000 (Loss)
2016-17	- 5,00,000 (Profit)
2017-18	- 4,80,000 (Profit)
2018-19	- 6,70,000 (Profit)

Calculate the value of Goodwill on three year purchase of last five year's average profits. 4

5. From the following information, prepare Profit and Loss Account of Mahalaxmi Bank Ltd. for the year ending 31<sup>st</sup> March, 2018 :

Particulars	Amt. (Rs.)
Interest on Loans	3,00,000
Interest on Fixed Deposits	2,75,000
Commission	10,000
Exchange and Brokerage	20,000
Salaries and Allowances	1,50,000
Discount on Bills Discounted (Gross)	1,52,000
Interest on Cash Credit	2,40,000
Interest on overdrafts	30,000
Interest on Saving Bank Deposits	87,000
Postage, Telephones and Stamps	10,000
Printing and Stationery	20,000
Sundry Expenses	10,000
Rent paid	15,000
Taxes and Licences	10,000
Audit Fees	10,000

Additional Information :

- (i) Rebate on Bill Discounted Rs. 30,000.
- (ii) Provision for Director's Fees and Allowances to be made Rs. 30,000.
- (iii) Provision for Bad Debts Rs. 40,000.
- (iv) Provision for Income Tax Rs. 34,000.
- (v) Interest on Doubtful debts wrongly credited to Interest on Loans Accounts Rs. 4,000.
- (vi) Transferred to Statutory Reserve 20% of Net Profit.
- (vii) Provision for Dividend Rs. 15,000. 16

**OR**

The Balance Sheets of 'H' Ltd. and 'S' Ltd. as on 31<sup>st</sup> March 2018 were as follows :

Liabilities	'M' Ltd. Rs.	'S' Ltd. Rs.	Assets	'M' Ltd. Rs.	'S' Ltd. Rs.
Equity			Fixed Assets	10,000	6,000
Share Capital of Rs. 10 each	12,000	5,000	Current Assets	11,500	2,000
Preference Shares	4,000	1,000	Cash at Bank	7,000	1,000
Profit & Loss A/c	2,500	1,000			
Creditors	10,000	2,000			
	<b>28,500</b>	<b>9,000</b>		<b>28,500</b>	<b>9,000</b>

On 1 April, 2018 'H' Ltd. acquired 90% of Share Capital of 'S' Ltd. at Rs. 15 per Share. Prepare the Consolidated Balance Sheet as on 1<sup>st</sup> April, 2018. 16