(ii) His purchases from 1st Jan. 2015 to 12th June 2015 amounted to Rs. 1,12,000 and his sales during that period amounted to Rs. 1,54,000.

On the basis of his accounts for the past three years it appears that he earns on an average a gross profit of 30% of sales.

Rathi has insured his stock for Rs. 60,000. Compute the amount of the claim. 4

OR

(e) On 1st April 2011 the stock of Shri Santosh was destroyed by fire but sufficient records were saved from which following particulars were ascertained.

	(Rs.)
Stock at cost (1st Jan. 2010)	73,500
Stock at cost (31st Dec. 2010)	79,600
Purchases year ended 31st Dec. 2010	3,98,000
Sales year ended 31st Dec. 2010	4,87,000
Purchases (1st Jan. 2011 to 31st Mar. 2011)	1,62,000
Sales (1st Jan. 2011 to 31st Mar. 2011)	2,31,200

In valuing the stock for the Balance Sheet at 31st Dec. 2010 Rs. 2,300 had been written off on certain stock which was a poor selling line having

AQ–1269

B.B.A. (Part–III) Examination

COMPANY ACCOUNTS

Time—Three Hours] [Maximum Marks—80

Note :— (i) ALL questions are compulsory.

(ii) All questions carry equal marks.

1. (a) 'A' Co. Ltd. issued 5 lakhs equity share of Rs.10 each payable as follows :

Rs. 2.50 with application

Rs. 3.50 on allotment

Rs. 2.00 on first call

Rs. 2.00 on final call

Application totalled 10,00,500 shares. One application for 500 shares was rejected on technical grounds. All other applications were accepted allotting one share for every two shares applied for. Assuming that all the money received on time.

From above prepare cash A/c. 4

(b) On 1st April 2015 Alpha Co. Ltd. issued 12,500 10% preference shares of Rs. 25 each payable as to Rs. 8 with application, Rs. 12 on allotment and the balance in two equal calls of Rs. 2.50 each. Subscription list (which was opened on 6th April 2015) totalled 25,500 shares. The Board of Directors rejected one application for 500 shares and alloted shares on the remaining applications on pro-rata basis on 1st May, 2015. First call was made three months after allotment whereas the second and final call was made four months after the first call. All money were daily received. Pass Journal Entry. 4

(c) 'M' Co. Ltd. issued share of Rs. 10 each at 10% premium payable as follows :

On application	Rs. 2 each
On allotment	Rs. 3 each (including premium)
On first call	Rs. 2 each
On final call	Rs. 4

'P' who was holding 50 shares did not pay his allotment and first call. His shares were forfeited and 'S' who was holding 30 shares, did not pay first call and his shares were also forfeited. This shares were forfeited after first call. Journalise transactions to record forfeiture of shares. 4

(d) A company issued on 1st April 2010 Rs. 4 lakhs redeemable preference share at par, redeemable at the option of the Co. on or after 31st March 2011 in part or in whole. Redemptions were effected out of profit as follows :

Rs. 60,000 on 31st March 2011 and Rs. 80,000 on 31st March 2012. On 31st April 2014, 4,000 equity shares of Rs. 100 each were issued and the proceed were used for redeeming the remaining redeemable preference shares.

Prepare Redeemable Preference Share Capital A/c and Capital Redemption Reserve A/c. 4

OR

(c) Prepare Balance Sheet of Rakesh Company Ltd. as on 31st March 2015.

	(Rs.)
Share Capital	15,00,000
P&L A/c	7,00,000
Creditors	8,50,000
Bills payable	1,50,000
Bank	10,00,000
Closing stocks	2,50,000
Debtors	4,50,000
Land & Building	10,00,000
Furniture	1,00,000
Equipment	1,50,000
Cash in Hand	2,50,000

4

(d) On 12th June 2015 fire occurred in the premises of N.R. Rathi, a paper merchant. Most of the stocks were destroyed, cost of stock salvaged being Rs. 11,200. In addition, some stock was salvaged in a damaged condition and its value in that condition was agreed at Rs. 10,500. From the books of account, the following particulars were available :

(i) His stock at the close of A/c on Dec. 31, 2014 was valued at Rs. 83,500.

3. (a) The following particulars are taken from the records of ABC Co. Ltd. for the year ending 31st March 2015.

	(Rs.)
Net profit before provision for income tax and managerial remuneration, but after depreciation and provision for repairs	13,02,615
Depreciation provided in Accounts	4,80,000
Depreciation allowable as per Schedule XIV	4,12,500
Repairs for machinery provided during the year	37,500
Actual expenditure incurred on repairs during the year	22,500

From the above calculate the maximum remuneration payable to Managing Director and other Part Time Directors under Section 309. 4

(b) Gupta Co. Ltd. had a balance of Rs.20,000 in its P&L A/c on 1st April 2014. During 2014-15 its profit amounted to Rs. 3,50,000 before income tax. The Income Tax for the year amounted to Rs. 1,90,000. The company decided to transfer Rs. 15,000 to the General Reserve, Rs. 28,000 to Debenture Redemption Fund & pay a dividend 15% for 2014. The Company's paid up capital consisted 60,000 shares of Rs. 10 each. Prepare P&L Appropriation A/c. 4

(e) Akbar Co. Ltd. issued 1500, 16% Debentures of Rs. 100 each at a discount of 5% on 1st April 2010 repayable by equal annual drawings in four years. Show the amount of discount on issue of Debentures over the period. 4

(f) The directors of Mukund Co. Ltd. resolved that 2,000 ordinary shares of Rs. 10 each Rs. 7.50 paid be forfeited for non-payment of final call of Rs. 2.50. Out of which 1,800 shares were re-issued for Rs. 6 each. Pass Journal Entry. 4

(g) Following balances appeared in the Books of Asha Co. Ltd.

	(Rs.)
Pref. Share Capital :	
(30,000 shares of Rs. 10 each)	3,00,000
General Reserve	1,00,000
P&L A/c	80,000
Share Premium	10,000
Revaluation Reserve	50,000
Investment Allowance Reserve	60,000

Pref. shares are to be redeemed at a premium of 10%. For this purpose necessary new equity shares of Rs. 100 were issued at a premium of 10%. Minimum reduction in revenue Reserve/Profit to be made.

Pass the Journal Entries. 4

(h) Minal Ltd. issued 2,000, 17% Debentures of Rs. 100 each on 1st April 2010 at a discount of 5% repayable at a premium of 10% after 5 years out of profits of the company. Pass Journal Entries both at the time of issue and redemption of debentures. 4

2. (a) Explain the types of fire insurance policies. 4

(b) The Power Electricity Co. Ltd. decided to replace some parts of its plant by an improved plant. The plant to be replaced was built in 2005 for Rs. 27,00,000. It is estimated that it would now cost Rs. 40,00,000 to build a new plant of the same size and capacity. The cost of the new plant as per the improved design was Rs. 85,00,000 and in addition, material belonging to the old plant valued at Rs. 2,75,000 were used in the construction of the new plant. The balance of the plant was sold for Rs. 1,50,000. Compute the amount to be written off to Revenue and Capitalised. 4

(c) From Q.2 (b) give the necessary Journal Entry. 4

(d) A five star hotel has 350 rooms available for letting out. On a particular day 300 rooms were occupied by 350 guests. Calculate the double occupancy rate. 4

OR

(e) The revenue A/c of a life insurance company shows the life assurance fund on 31st March 2015. Rs. 62,21,310 before taking into account the following items :

(i) Claims covered under re-insurance Rs. 12,000.

(ii) Bonus utilised in reduction of life insurance premium Rs. 4,500.

(iii) Interest accrued on securities Rs. 8,260.

(iv) Outstanding premium Rs. 5,410.

(v) Claims intimated but not admitted Rs. 26,500.

What is the life assurance fund after taking into account the above omissions ? 4

(f) Darshan Gas Co. Ltd. rebuilds its works at a cost of Rs.3,30,000. In the process, it completely replaces a part of the old works which had cost Rs. 1,30,000. In constructing the new works, old materials worth Rs. 4,600 has been used and the value is included in the cost of new works. The balance of the material resulting from the old works which is replaced is sold for Rs. 10,000. In the cost of the works which is replaced, the cost of material was 70% and of labour 30% and the present cost of material and labour have increased by 12½% and 15% respectively.

Assuming the accounts are maintained under the "Double A/c System" determine the amount to be capitalised and the net charge to Revenue. 4

(g) Explain the meaning and features of the "Double Account System". 4

(h) Vandu Hotel of Amravati has 660 rooms in all, out of which 52 rooms are used for operational purposes and 8 rooms are used by departmental managers. If 480 rooms are occupied by the guest on 31st Dec. 2015. Calculate room occupancy rate. 4

the cost Rs.6,900. A portion of these goods were sold in Mar. 2011 at loss of Rs. 250 on original cost of Rs. 3450. The remainder of this stock was now estimated to be worth its original cost. Subject to the above exceptions, gross profit has remained at a uniform rate throughout the year.

The stock salvaged was Rs. 5,800. The policy was for Rs. 50,000 and was subject to the average clause. Find out the amount of claim of loss by fire. 4

(f) P&L A/c of Alpha Co. Ltd. disclosed a net profit of Rs. 3,75,000. Following have been taken into consideration.

		(Rs.)
(i)	Bounties & subsidies received from government	60,000
(ii)	Bonus paid to a foreign technician	55,000
(iii)	Provision for Income Tax	3,50,000
(iv)	Compensation paid to an injured worker (Including Rs.5000 paid voluntarily)	15,000
(v)	Repairs of a Capital Nature	50,000
(vi)	Loss on Sales of Investment (fixed)	20,000

(vii) Profit on Sale of Fixed Assets (Book value of asset Rs.35,000 and original cost Rs. 45,000) 15,000

(viii) Development Rebate Reserve 80,000

Calculate maximum remuneration payable to a Managing Director and other Part Time Directors. Under Section 309. 4

(g) From the following informations Prepare Trading A/c of Ram Co. Ltd. for the year ended 31st March 2015.

	(Rs.)
Stock (1st April 2014)	20,000
Purchases	2,40,000
Sales	2,75,000
Carriage	8,000
Royalty	4,000
Wages	52,000
Trading expenses	36,000

Adjustment :

(i) Value of stock on 31st March 2015 Rs. 85,000.

(ii) Prepaid wages Rs. 2,000. 4

(h) The following is the Balance Sheet of Rama Co. Ltd. as on 31 March 2015.

Balance Sheet

Liabilities		Amt. (Rs.)	Assets		Amt. (Rs.)
Share Capital		80,00,000	Debtors	50,00,000	
Bill payable	10,00,000		(-) Creditors	30,00,000	20,00,000
(-) Bills receivable	8,00,000	2,00,000	Stock		30,00,000
Bank overdraft	20,00,000		Plant (at cost)		30,00,000
(-) Preliminary Exp.	10,00,000		Furniture		10,00,000
	10,00,000		Cash in Hand		50,000
(-) Underwriting Commission	– 5,00,000	5,00,000	Cash at Bank		6,00,000
P&L A/c	25,00,000		Calls in arrears		2,00,000
(-) Previous year loss	15,00,000	10,00,000			
Provision for Depreciation on Plant		1,50,000			
		98,50,000			98,50,000

The other information is as follows :

(i) Anil Co. Ltd. purchased 4,000 shares of Sunil Co. Ltd. on 1st October 2014 at Rs. 15 per share.

(ii) Stock of Sunil Ltd. includes goods worth Rs.7,500 purchsed from Anil Ltd. Which company sells goods at 25% above cost.

(iii) Creditors of Sunil Ltd. includes Rs. 5,000 due to Anil Ltd.

Prepare a Consolidated Balance Sheet as on 31st March 2015. 16

Pass the necessary journal with narration adjusting the above & show :

(a) Rebate on Bill Discounted A/c and

(b) Interest and Discount A/c in the ledger of the Banks. 16

OR

The following Balance Sheet of Anil Co. & Sunil Co. show their position as on 31st March 2015.

Balance Sheet

Liabilities	Anil Co. (Rs.)	Sunil Co. (Rs.)
Share Capital (Rs. 10 each)	2,00,000	50,000
General Reserve	50,000	20,000
P&L A/c (1st April 2011)	30,000	7,500
Profit for 2014-15	50,000	20,000
Creditors	20,000	10,000
	3,50,000	**1,07,500**
Assets		
Fixed Asset	1,95,000	70,000
Investment in shares of Sunil Ltd.	60,000	—
Debtors	35,000	25,000
Stock	20,000	10,000
Current Assets	40,000	2,500
	3,50,000	**1,07,500**

After taking the following information into consideration prepare revised Balance Sheet in a specified proforma.

(i) The authorised Capital of the Co. is Rs. 120 lakhs divided into 8 lakhs equity shares of Rs. 10 each and 4 lakhs preference shares of Rs.10 each. The company issued all equity shares to public. With one exception of the call money Rs. 5 per share on 40,000 shares, all money were duly received.

(ii) Provide Rs. 50,00,000 for Taxations. 4

4. On 31st March 2015 the Balance Sheet of Arpit Co. Ltd. disclosed the following positions of the Company.

Balance Sheet

Liabilities	Amt. (Rs.)	Assets	Amt. (Rs.)
10,000 Equity Share of		Land & Building	4,40,000
Rs. 100 each fully paid	10,00,000	Plant & Machinary	1,90,000
P&L A/c	3,56,000	Stock	7,00,000
Bank Overdraft	40,000	Debtors	3,10,000
Creditors	1,54,000		
Provision for Tax	90,000		
	16,40,000		**16,40,000**

The Net profits of the company, after providing for depreciation and taxation were as follows :

2010-11 - Rs. 1,70,000; 2011-12 - Rs. 1,92,000;

2012-13 - Rs. 1,80,000, 2013-14 - Rs. 2,00,000

and 2014-15 - Rs. 1,90,000.

On 31st March 2015 Land & Building were valued at Rs. 5,00,000 and Plant & Machinery at Rs. 3,00,000.

In view of the nature of business, 10% on closing capital employed is considered a reasonable return in this company.

Find out the value of equity share on net assets basis. The goodwill may be taken at five years purchases of the super profits. 16

OR

The Balance Sheet of the two Companies as at 31st March 2015 were as below.

Balance Sheet

Particular	'P' Ltd. (Rs.)	'Q' Ltd. (Rs.)
Liabilities :		
Equity share capital of Rs.100 each	10,00,000	6,00,000
Reserve	80,000	40,000
P&L A/c	1,20,000	80,000
Creditors	1,00,000	60,000
	13,00,000	**7,80,000**
Assets :		
Fixed Asset	6,00,000	4,00,000
Stock	1,60,000	1,20,000
Debtors	2,80,000	1,80,000
Cash & Bank Balance	2,40,000	70,000
Miscellaneous Expenses	20,000	10,000
	13,00,000	**7,80,000**

'Q' Ltd. was taken over by 'P' Ltd. as on following on 30th June 2015. No Balance Sheet of the companies were prepared as that date. But it is estimated that 'Q' Ltd. made a profit of Rs. 50,000 in that period after charging 10% p.a. depreciation on fixed assets. Profit of 'P' Ltd. during that period on the same basis, were Rs. 90,000.

Both the companies declared and paid a dividend of 10% on their Capitals in 31st March 2015. Purchase consideration is to be satisfied by 'P' at par after revaluing goodwill and fixed assets of 'Q' Ltd. at Rs. 40,000 (Book value Rs. NIL) and the premises of Rs. 30,000 over Book value respectively.

Prepare Balance Sheet of 'P' Ltd. after absorption of 'Q' Ltd. 16

5. The following are the ledger Balances extracted from the Books of Tulsian Bank Ltd. as on March 31, 2015.

		(Rs.)
(i)	Interest and Discount	1,96,62,400
(ii)	Rebate on Bills Discounted (Balance on 1st April, 2014)	65,040
(iii)	Bills Discounted & Purchased	67,45,400

It is ascertained that proportionate discount not yet earned on the Bills Discounted which will mature during 2015-16, amounted to Rs. 92,760.