



B. B. A. Part - III  
**Company Accounts**

P. Pages : 15

Time : Three Hours

Max. Marks : 80

- Notes : 1. All questions are compulsory.  
2. All questions carry equal marks.

1. a) Barman Ltd. was registered with a capital of **4** Rs.10,00,000 divided into 4,000, 10% preference shares of Rs.100 each and 60,000 Equity shares of Rs. 10 each. The company offered to the public for subscription 3000, 10% preference shares & 4,000 Equity shares, which were payable as under.

	Preference shares (Rs. each)	Equity shares (Rs. each)
On application	15	2
On allotment	25	2
On first & final call	60	6

The shares offered for subscription were duly taken up & all the money was duly received with the exception of allotment & first and final call money on 2,000 preference shares and 1,000 equity shares. Prepare Bank A/c

- b) Vandna Ltd forfeited 200 shares of Rs.10 each (Rs.6 called up) issued at a discount of 10% to Mr. Arun on which he had paid Rs.2 per share on application and allotment out of these 160 shares were reissued to Mr. Ravi for Rs.6 per share as Rs. 8 paid up. Give necessary Journal entries for forfeiture & reissue of shares. **4**
- c) Satyam Ltd. redeems its 5,000, 10% preference share capital of Rs.100 each at 20% premium out of general reserve on 31<sup>st</sup> March 2015. At the time of redemption an option is given by the company to the preference shareholders to convert their shares into equity shares of Rs.10 each issued @ 30 Rs. per share. 60% of preference shareholders accepted this option pass necessary Journal entries. **4**
- d) Suraj Ltd issued 10,000, 12% Debentures of Rs. 100 each on 1<sup>st</sup> April 2015 at a premium 10% payable in full on application. This issue was fully subscribed & debentures were allotted on 15<sup>th</sup> April 2015. Pass necessary Journal entries including cash transactions. **4**

**OR**

- e) In a company 150 shares of Rs.10 each were forfeited for non-payment of first and final call of Rs.3. Subsequently these shares were sold as fully paid for Rs. 9 each. Determine the amount to be transferred to capital reserve. **4**
- f) Umesh Co. Ltd was incorporated in 2002 with a capital of Rs.40 lakhs divided into 40,000 equity shares of Rs. 100 each, of which 20,000 shares have already been issued to public. In the year 2015, 10,000 shares were further issued for subscription at a discount of 10%. This was payable as Rs.20 on application, Rs.40 on allotment and the Balance on first and final call. All the shares were allotted and the call was made. All the money due was received on the due dates except the first and final call money on 40 shares. Pass Journal entries. **4**
- g) The Directors of Amol Ltd. in their meeting decided to redeem 10,000, 10% redeemable preference shares of Rs.100 each at a premium of 2% & for this the general reserve Rs. 5,50,000 and securities premium Rs.50,000 were utilized & the sufficient number of equity shares of Rs.10 each were issued at a discount of 10%. Pass necessary journal entries. **4**

h) Rajiv Ltd. issued 4,00,000, 9% Debentures of Rs.50 each, payable on application as per term mentioned in the prospectus and redeemable at pay any time after 3 year from the date of issue. Record necessary entries for issue of debenture in the books of Rajiv Ltd. **4**

2. From the following figures taken from the Books of New Asia Insurance Co. Ltd. doing fire underwriting business, Prepare the set of final accounts for the year 2014-15. **16**

	Rs. (000)
Fire fund (as on 1 April 2014)	11,80,000
Commission on Direct business	2,99,777
General reserve	4,50,000
Investments	36,00,000
Commission on Reinsurance accepted	60,038
Outstanding premium	22,300
Premium	26,01,533
Claims intimated but not paid (1/4/14)	60,000
Claims paid	6,02,815
Expenses on management	4,31,947
Share capital – Divided in into equity shares of Rs.100 each	10,00,000
Audit fees	36,000
Rates & taxes	5,804

P & L A/c (cr)	25,000
Rents	67,500
Re-insurance premium	1,12,525
Income from investments	1,53,000
Claim recovered from re-insurers	21,119
Sundry creditors	22,500
Commission on Reinsurance Ceded	48,016
Agents Balance (Dr.)	20,000
Advance income Tax paid	2,50,000
Cash in Hand & Bank balance	1,32,462

The following further information may also be noted.

- i) Expenses of Management include survey fees & Legal expenses of Rs.36,000 & Rs.20,000 relating to claims
- ii) Claims intimated but not paid on 31<sup>st</sup> March 2015 Rs.1,04,000.
- iii) Income-tax to be provided at 40%
- iv) Transfer of Rs.2,25,000 to be made from current profit to general reserve.
- v) The company maintains a reserve for unexpired risk @ 50% of net premium income.
- vi) The directors propose a dividend @ 30% Dividend distribution tax is payable @ 11% which includes Surcharge.

**OR**

The following information is extracted from the Books of Modern Electricity Co. Ltd for the year ended 31 March 2015. **16**

	(Rs.)
Net profit before charging	
debenture interest	67,50,150
10% Debenture interest paid	
during the year	11,25,000
capital base arrived at by the	
company	3,10,89,000
Reasonable return calculated	
by the company	40,68,450

You are required to indicate the disposal of surplus of the company.

- 3. a)** From the following information prepare Trading A/c of Amar Co. Ltd for the year ended 31<sup>st</sup> March 2015. **4**

	(Rs.)
Opening stock	21,725
Fuel & power	542
Purchase	66,710
Lighting	392
Sales	1,26,177
Wages	10,715
Purchase Return	3,172
Carriage	897
Sales return	7,422
Salary	4,100
Closing stock	20,000

b) Prepare P & L A/c of Hindustan Co. Ltd.

4

	Rs.		Rs.
Gross profit	4,12,500	General charges	22,500
Salary	30,000	Interest Earn	2,000
Transfer fees	375	Management Exp.	20,000
Rent, Rate & Taxes	7,000	Directors fees	5,000

Adjustment :

- 1) Depreciation on Machinery & Building is Rs.5,000 & Rs.10,000 respectively
- 2) Receivable interest Rs.1,000

c) Prepare P&L appropriation A/c of Akola Trading Co. Ltd for the year ended 31<sup>st</sup> March, 2015.

4

	(Rs.)
P & L A/c (1 <sup>st</sup> April 2014)	15,000
Net profit	20,540
Interim Dividend	7,500
Final dividend	7,500
Unclaimed dividend	7,500
Provision for reserve fund	6,000
Provision for redemption of dividend	4,000

d) Calculate the Amount of Claim

4

Claims paid –	Rs. 4,80,000
Claims on 1 <sup>st</sup> April 2014 –	Rs. 40,000
Claims intimated & accepted but not paid on 31 <sup>st</sup> March 2015 -	Rs.70,000.
Reinsurance recoveries & claims –	Rs. 8,000

Medical Expenses regarding claims –	Rs.5,000
Legal expenses regarding claims –	Rs.4,000

**OR**

e) Prepare trading A/c of Raman Co. Ltd. 4

	Rs.		Rs.
Stock (1 April 2014)	20,000	Carriage	8,000
Purchase	2,40,000	Royalty	4,000
Sales	2,75,000	Wages	52,000

Adjustment:

- 1) Closing stock was Rs.50,000.
- 2) Wages paid in Advance Rs.2,000.

f) Prepare P & L A/c of Puja Co. Ltd for year ended 31 March 2015. 4

	Rs.		Rs.
Employees salary	1,20,000	Printing & stationary	10,500
Carriage Exp.	12,000	Advertisement	16,000
Audit Fee	5,000	Plant	2,40,000
Discount on debenture	3,600	Rent (Cr.)	20,000
Gross profit	3,27,000		

Adjustment:

- 1) Depreciate plant by 10%.
- 2) Carriage Exp. is related to sales.



- g) Prepare P & L Appropriation A/c of Tata Co. Ltd for the year ended 31<sup>st</sup> March 2015. 4

	(Rs.)
Profit on 1 <sup>st</sup> April 2014	66,350
Net profit on 31 <sup>st</sup> March 2015	1,81,500
Tr. to General Reserve	35,000
Interim Dividend paid	25,500
Provision for final dividend	1,25,000
Unclaimed Dividend	75,000

- h) A fire occurred on 15<sup>th</sup> Sept. 2015 in godown of M/s Arpita & Arpit from the following figures, ascertain the claim to be lodged. 4

	(Rs.)
Stock on 1 <sup>st</sup> April 2015	1,05,300
Purchases from 1 April 2015 to date of fire	3,50,400
Manufacturing Expenses & Wages	2,60,000
Sales from 1 <sup>st</sup> April 2015 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. Following is the Balance sheet of Uday Co. Ltd 16 as on 31 March 2015.

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Share capital: 2 lack equity shares of Rs.10 each full paid up	20,00,000	Plant & Machinery	9,00,000
		Furniture	2,50,000
		Patents & copy right	70,000
6,000, 8% preference shares of Rs.100 each	6,00,000	Investment (at cost) (Market value Rs.55,000)	68,000
9% Debentures	12,00,000	Stock	14,00,000
Bank overdraft	1,50,000	Sundry Debtors	14,39,000
Sundry creditors	5,92,000	Cash & Bank Bal.	10,000
		P & L A/c	4,05,000
	45,42,000		45,42,000

The following scheme of reconstruction was finalized

- Pref. shareholders would give up 30% of their capital in exchange for allotment of 11% Debentures to them
- Debenture holders having charge on Plant & machinery would accept plant & machinery in full settlement of their dues.
- Stock equal to Rs.5,00,000 in book value will be taken over by sundry creditors in full settlement of their dues.
- Investment value to be reduced to market price.
- The company would issue 11% Debentures for Rs.3,00,000 and augment its working capital requirement after settlement of bank overdraft.

Pass necessary Journal Entries in the books of the company. Prepare capital Reduction A/c and Balance sheet of the company after internal reconstruction.

**OR**

Anil Ltd. agreed to acquire the Business of Sunil 16 Ltd. as on 31 March 2015. The summarised balance-sheet of Sunil Ltd on that date was as under.

Liabilities	Rs.	Assets	Rs.
Share capital in fully paid shares of Rs.10 each	3,00,000	Goodwill	50,000
		Building & Machinery	3,20,000
		Stock in trade	84,000
General reserve	80,000	Debtors	18,000
Workmens compensation fund	5,000	Cash & Bank Bal.	28,000
P & L A/c	55,000		
6% Debentures	50,000		
Creditors	10,000		
	5,00,000		5,00,000

The consideration payable by Anil ltd was agreed as under.

- i) Cash payment equivalent to Rs.2.50 for every share of Rs.10 in Sunil ltd.
- ii) Issue of 45,000 shares of Rs.10 each fully paid, in Anil ltd having an agreed value of Rs.15 per share

- iii) Issue of such an amount of fully paid 5% Debentures of Anil ltd at 96% as is sufficient to discharge the 6% Debentures of Sunil ltd at a premium of 20%

While arriving at the agreed consideration, the directors of Anil ltd. valued Building & Machinery at Rs.6,00,000, the stock in trade at Rs.71,000 and the debtors at their Book-value subject to an allowance of 5% to cover doubtful debts. The cost of liquidation of Sunil ltd was Rs.2,500.

On the date of acquisition, Sunil ltd had a liability towards a workmens for compensation against an injury. The amount was ascertained at Rs.3,000. The Co. paid the compensation in cash to the worker.

Anil ltd. also issued to the public 5,000 shares of Rs.10 each at Rs.15 per share. The shares were fully subscribed and paid for.

Pass Journal entries in the books of both the companys.

5. a) H Ltd. acquires  $\frac{3}{4}$  of share capital of S Ltd. on 31<sup>st</sup> March 2015, when the balance sheets of the two company are as under. 4

Balance Sheet

Liabilities	H	S	Assets	H	S
Share capital (Rs. 10 each)	20,000	10,000	Fixed Assets	20,000	10,000
			Current Assets	13,000	12,000
General reserve	5,000	3,000	Shares of 'S' Ltd	10,000	—
P & L A/c	3,000	2,000			
10% Debentures	10,000	5,000			
Creditors	5,000	2,000			
	43,000	22,000		43,000	22,000

You are required to calculate cost of control & Minority Interest.

- b) Under what Circumstances, a Company is required to present a "Consolidated financial statement"? 4
- c) From the following details, compute the amount of provision required to be made in the P & L A/c of Evergreen Bank Ltd for the year 2014-15. 4

Assets	Rs. in Lakhs
Standard	16,000
Sub-standard	12,000
Doubtful :	
- one year (secured)	4,800
- for two to three years (secured)	3,600
- for more than 3 years (secured by mortgage of machinery worth Rs.1,000 Lakhs)	1,800
Non-recoverable Assets	3,000

- d) Explain the legal provisions relating to the final accounts of a Banking company? **4**

**OR**

- e) What are the advantages of consolidation of final statement of accounts of a holding company and its subsidiary companies? **4**
- f) From the Balance sheets given below calculate cost of control and Minority Interest **4**

Balance Sheet as on dated 31<sup>st</sup> March 2015

Liability	'X' Rs. (000)	'Y' Rs.(000)	Asset	'X' Rs. (000)	'Y' Rs.(000)
Share capital 2 lakh shares of Rs. 80, each	16,000	---	Building	15,200	--
			Plant	2,240	320
20,000 shares of Rs.80 each	---	1,600	Shares in 'Y' Co. 18,000 shares of Rs.80 each	2,880	---
General reserve	8,000	---	Stock	4,800	800
Creditors	4,800	320	Debtors	3,200	1,120
P & L A/c	1,600	2,400	Cash	2,080	2,080
				30,400	4,320
	30,400	4,320		30,400	4,320

- g) State the guidelines given by the RBI regarding making provisions on different categories of bank advances? **4**

- h) The following information is available in the books of popular bank ltd as on 31<sup>st</sup> March 2015 **4**

	(Rs.)
Bills Discounted	1,37,05,000
Rebate on bills discounted (as on 1 <sup>st</sup> April 2014)	2,21,600
Discount Received	10,56,650

Details of bills discounted are as follows:

Value of Bill (Rs.)	Due Date	Rate of discount (p.a)
18,25,000	5/6/2015	12%
50,00,000	12/6/2015	12%
28,20,000	25/6/2015	14%
40,60,000	6/7/2015	16%

Calculate the Rebate on Bills discounted as on 31<sup>st</sup> March 2015 and give necessary Journal entries.

\*\*\*\*\*

