

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) Mr. Raman was holding 500 shares of Rs. 10 each in Pankaj Co. Ltd. He had paid Rs. 2 per share on application and Rs. 3 per share on allotment. He did not pay the First Call of Rs. 2 per share made by the company. Therefore forfeit his shares.

These shares were re-issued to Mr. Raghawan at Rs. 4 per share. The share being called as to Rs. 7 per share. Prepare Share Forfeiture A/c. 4

- (b) Shruti Ltd. purchased machinery worth Rs. 6,00,000 from Monica Ltd. The consideration was payable in fully paid equity share of Rs. 10 each.

Show Journal Entries in the books of Shruti Ltd. if such shares are issued at par. 4

- (c) "C" Ltd. issued 10,000 6% debenture of Rs. 100 each at a discount of 5% payable in full on application. Application received for 8,000 debenture. Debenture were allotted. Pass the Journal entries. 4

- (d) A company redeems 500 10% preference shares of Rs. 100 each at par out of profit. Pass the Journal entries. 4

OR

- (e) Satyapal was the holder of 500 share of Rs. 10 each of Motor Cars Limited. He has paid Rs. 2 on application and Rs. 4.50 on allotment but he could not pay Rs. 2 on First Call and Rs. 1.50 on Final Call. Therefore these shares were forfeited and re-issued for Rs. 4,500. Prepare Share Capital A/c for share forfeiture and reissued. 4

- (f) A Company Limited invited application for 10,000 Share of Rs. 100 each at a discount of 6% payable as follows. On application Rs. 25, on Allotment Rs. 34 and on First and Final Call Rs. 35.

Application were received for 9,000 shares and of these were accepted. All money due was received except the First Call on 100 shares which were forfeited of these 50 shares were re-issued at Rs. 90 as fully paid. Prepare Bank Account. 4

- (g) Motilal and Co. Ltd. issued Rs. 1,00,000 8% Debenture of Rs. 1,000 each. The Debenture were issued at a premium of 5% and the amount was payable as follows :

20% with application, 30% (including 5% premium) on allotment and balance on Final Call. Application were received for 105 debentures. All the money received as per call. Prepare Balance Sheet for above. 4

- (h) A company issued 15,000 equity shares of Rs. 10 each at premium of 10% in order to utilise the proceeds to redeem 1500, 10% preference shares of Rs. 100 each. The New issue is fully subscribed and paid for. Pass the Journal entries. 4

2. (a) The following balances appear on 31-3-2017 in the Ledger of Chicalim Hotel which is owned by Mr. "R" and Mr. "K". They share profit and loss in the proportion to their capitals :

| Particulars | Amount |
|--------------------------------------|----------------|
| <u>Capital A/c</u> | |
| "R" | 60,000 |
| "K" | 30,000 |
| <u>Current A/c (1-4-2016)</u> | |
| "K" | 1,055 (Credit) |
| "R" | 3,250 (Credit) |
| Profit during the year | 9,693 |
| <u>Drawing</u> | |
| "K" | 4,000 |
| "R" | 6,000 |

Additional information :

- (i) "K" had taken goods of Rs. 129 which are charged to his personal A/c.
(ii) A personal telephone bill of Mr. "R" amounting to Rs. 61 has been paid through business account.

Prepare their Current A/c. 4

- (b) Akshay and Bina are the partners of Air View Restaurant. Prepare Balance Sheet as on 31st March, 2017 :

Capital of Akshay 1,35,000, Capital of Bina 1,00,000, Leasehold Premises 1,40,000, Restaurant Furniture 55,000, Bina's Current A/c (Cr.) 2,500, Akshay's Current A/c (Dr.) 1,000, Creditors 12,000, Kitchen Plant 55,000, Stocks 6,500, Banqueting Debtors 1,500, Prepaid Rates 200, Cash at Bank 12,800.

Outstanding Expenses : Gas 500, Advertising 800, Repairs 1,200. 4

- (c) The Revenue Account of Life Insurance Business shows the fund at the end of year 31st March, 2017 at Rs. 32,26,000 before taking into account the following items :

- (i) Bonus utilized in reduction of premiums Rs. 6,900.
(ii) Claim covered under reinsurance Rs. 18,000.

Pass the Journal entries to give effect to the omission. 4

- (d) Moonlight Power Company for the year ended 31st March, 2017 provided the following information :

- (i) Present Replacement Value of Old mains Rs. 15,00,000
(ii) Total cost of New mains Rs. 30,00,000
(iii) Realisation of Old mains Rs. 2,50,000

Give Journal entries for replacement in the books of the company. 4

OR

(e) From the following find out the amount of claim :

| Claims | Direct Business | Reinsurance | |
|-------------------|-----------------|-------------|---|
| Paid | 47,00,000 | 6,00,000 | |
| Payable 1-4-17 | 2,50,000 | 57,000 | |
| 31-3-18 | 3,12,000 | 66,000 | |
| Received | – | 2,55,000 | |
| Receivable 1-4-17 | – | 24,000 | |
| 31-3-18 | – | 34,500 | |
| Legal Exps. | 36,000 | | 4 |

(f) Prepare Revenue A/c of Life Insurance for the year ended 31st March, 2018 :

| | | |
|---|----------|---|
| Claim by death | 19,698 | |
| Life fund at start of year | 2,60,042 | |
| Premiums | 18,195 | |
| Commission | 544 | |
| Expenses of Management | 2,344 | |
| Consideration for annuities granted | 850 | |
| Reduction allowed to members on their premium | 1,860 | |
| Annuities | 1,173 | |
| Interest, dividends and rents | 9,050 | |
| Profit on reversion | 2,156 | |
| Depreciation on Investments | 3,975 | |
| Surrenders | 1,700 | 4 |

(g) Following balances are taken from the accounting books of Marine Insurance Company :

| Balance on 31-3-2017 | Amount (In lakh Rs.) |
|--|-------------------------|
| Premium | 50.00 |
| Commission paid on Direct Business | 2.25 |
| Commission paid on Reinsurance Accepted | 1.75 |
| Commission received on Reinsurance Ceded | 4.20 |
| Claim paid | 8.62 |
| Depreciation on Furniture Car | 1.28 |
| Reinsurance Claim Received | 1.00 |
| Audit Fees | 1.00 |

Balance on 31-3-2017

| | Amount |
|-------------------------------|----------------------|
| | (In lakh Rs.) |
| Salaries | 12.50 |
| Printing and Postage Expenses | 4.65 |
| Legal Charges | 0.50 |
| Sundry Expenses | 1.55 |
| Bad Debts | 0.02 |
| Reinsurance Premium Paid | 5.00 |

Additional information :

Outstanding Claim on 31-3-16 and 31-3-17 were Rs. 3,40,000 and Rs. 4,48,000 respectively. Premium receivable was outstanding as on 31st March, 2016 and 2017 was Rs. 2,00,000 and 3,00,000 respectively.

Reserve for Unexpired Risk was Rs. 32,00,000 and Additional Reserve Rs. 3,00,000 on 31-3-2016. Provides for 31-3-17 Reserve for Unexpired Risk 100% of net premium and 10% for Additional Reserve.

Prepare Revenue A/c. 4

- (h) What is a Visitor's Ledger of Hotels ? What are the contents of Visitor's Ledgers ? 4
3. (a) From the following find out the amount of Gross Claim :
- (i) Gross Profit Ratio 20%.
 - (ii) There had been a saving of Rs. 9,000 in insured standing charges of the period.
 - (iii) Short sale during the period of indemnity Rs. 2,90,000.
 - (iv) Increase cost of working Rs. 46,500. 4
- (b) Ramesh Company has net profit of Rs. 3,60,000 and turnover of the same period was Rs. 14,40,000. Fully insured standing charges were Rs. 72,000. Find out Gross Profit Ratio. 4
- (c) Maharashtra Industrial Limited's Debtors of Rs. 1,06,400 and Bad Debts of Rs. 10,200 not able to pay of his amount of Rs. 2,500 so it should be write off and make a provision of balance amount of debtors 5% for reserve for doubtful debts and 2% for discount dues fund. Show in Profit and Loss A/c and Balance Sheet. 4
- (d) Company has issued 2,00,000 shares of Rs. 10 each on 1st January, 2017 and 3,00,000 of Rs. 5 each on 1st July, 2017 and it declares a 10% dividend on 31st December, 2017. Show the amount of dividend in Profit and Loss Appropriation A/c. 4

OR

(e) From the following prepare Balance Sheet :

Profit and Loss A/c 10,915, Cash 9,250, Share Capital 80,000, Land 50,000, Machinery 50,000, Furniture 25,000, Closing Stock 8,075, Debtors 27,700, Debenture Redemption Fund 5,200, 4% Debenture 30,000, Preliminary Exp. 800, Bills Payable 9,000, Sundry Creditors 17,700, Call in arrears 500, Patents 1,525, Investment 5,000.

Additional information :

- (i) Transfer to Debenture Redemption Fund 1,500.
- (ii) Outstanding Interest on Debenture 600.
- (iii) Depreciation on Plant and Machinery 13,000 and Furniture 8,350.
- (iv) RDD on Debtors 1,385.
- (v) Preliminary Exp. written off Rs. 200. 4

(f) From the following information find out claims to be made against the insurance company :

Gross claim Rs. 4,30,452
Policy taken Rs. 17,55,000
Policy ought to have been taken Rs. 21,06,000. 4

(g) From the following prepare Trading A/c. The stock on hand has always been valued at 10% less than cost :

| Particulars | 2015 | 2016 | 2017 | |
|-------------------------|--------|--------|--------|---|
| Opening stock as valued | 2,709 | 3,240 | 3,600 | |
| Purchase less returns | 7,490 | 8,000 | 8,100 | |
| Sales less returns | 12,000 | 13,200 | 14,000 | |
| Wages | 1,740 | 1,900 | 2,090 | |
| Closing stock valued | 3,240 | 3,600 | 3,690 | 4 |

(h) The profit of the company for the year ended 31st December, 2017 amounted to Rs. 6,00,000. Last year balance profit brought forward was Rs. 1,00,000. The Directors recommended :

- (i) That Rs. 90,000 should be transferred to Debentures Redemption Fund and Rs. 60,000 to Development Fund.
- (ii) That Rs. 1,00,000 should be transferred to General Reserve.
- (iii) That 10% dividend should be given on the Company's Capital of Rs. 20,00,000.
- (iv) The balance should be carried forward to next year.

Prepare Profit and Loss Appropriation Account. 4

4. The following is the Balance Sheet of Vam Company Ltd. :

| Liability | Amount | Asset | Amount |
|--------------------------------|------------------|---------------------|------------------|
| Share Capital | | Fixed Asset | |
| subscribed and paid up Capital | | Goodwill | 10,00,000 |
| 40,000, 10% preference shares | | Other fixed Asset | |
| of Rs. 100 each fully paid | 40,00,000 | at cost | 36,00,000 |
| 4,00,000 Equity Shares of | | Current Asset | |
| Rs. 10 each fully paid | 40,00,000 | Stock in Trade | 10,00,000 |
| Current Liability | | Debtors | 12,00,000 |
| Creditors | 6,00,000 | Profit and Loss A/c | 18,00,000 |
| | 86,00,000 | | 86,00,000 |

The following resolutions were passed and the scheme of reconstruction is duly approved by the court :

- (i) Equity Shares of Rs. 10 each be reduced to fully paid up shares of Rs. 5 each.
- (ii) 10% preference shares of Rs. 100 each be reduced to 10% preference shares of Rs. 60 each fully paid up.
- (iii) Goodwill and Debit balance of Profit and Loss Account be written off completely.
- (iv) The balance of the amount be used to write off the other fixed asset.

Give the necessary Journal Entries and revised Balance Sheet of the Company. Also prepare Capital Reduction Account. 16

OR

A company with 30,000 equity shares of Rs. 10 each fully paid and with Rs. 1,50,000 Reserve and Surplus issues one bonus share for three equity shares held. Find out the value of share before the issue and after the issue of bonus share. 16

5. Balance Sheet of Hairy Ltd. and its subsidiary Sunny Ltd. on 31st March, 2017 were as follows :

Balance Sheet of Hairy Ltd.

| Liabilities | Amount | Asset | Amount |
|-------------------------------|-----------------|---------------------------------|-----------------|
| Share Capital | 1,00,000 | Goodwill | 20,000 |
| General Reserve | 33,000 | Land and Building | 76,000 |
| Profit and Loss A/c (Balance) | 11,100 | Investment | 28,800 |
| Bills payable | 41,000 | Stock | 52,000 |
| Sundry Creditors | 64,900 | Sundry Debtors | |
| | | (it includes loan to Sunny Ltd. | |
| | | Rs. 1,000) | 58,000 |
| | | Cash and Bank balance | 15,200 |
| | 2,50,000 | | 2,50,000 |

Investment in Sunny Ltd. through 2,000 shares purchased on 1st July, 2016 @ Rs. 12 per share.

Balance Sheet of Sunny Ltd.

| Liabilities | Amount | Asset | Amount |
|---------------------|---------------|-----------------------|---------------|
| Share Capital | 30,000 | Goodwill | 4,700 |
| General Reserve | 6,000 | Plant and Machinery | 29,000 |
| Profit and Loss A/c | 5,400 | Stock | 6,000 |
| Loan | 21,000 | Sundry Debtors | 12,500 |
| Sundry Creditors | 26,400 | Bills Receivable | 30,000 |
| | | Cash and Bank balance | 6,600 |
| | 88,800 | | 88,800 |

Additional information :

- (i) Share Capital of Sunny Ltd. is 3,000 shares of Rs. 10 each.
- (ii) On 1st April, 2016 General Reserve Balance was Rs. 1,200 and Profit and Loss A/c balance was Rs. 4,000.
- (iii) On 1st April, 2016 Plant and Machinery was revalued at Rs. 32,000, this value is to be included in consolidated Balance Sheet. No adjustment is required for depreciation.
- (iv) All bills receivable of Rs. 40,000 are accepted by Hairy Ltd. of which bills of Rs. 11,000 are discounted.
- (v) Cash and Bank Balance is given after adjustment of Rs. 1,000 for cheque sent to Hairy Ltd. for payment of loan.

Prepare consolidated Balance Sheet.

16

OR

How would you prepare final account of a banking company as per new forms prescribed by Government.

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