

B.B.A. Part-II Semester—III (CBCS) Examination

BBA-303

COMPANY ACCOUNTS

Time : Three Hours]

[Maximum Marks : 80]

Note :—(1) All questions are compulsory.

(2) All questions carry marks indicated.

SECTION—A

1. Statement one : Amount paid by the shareholder of a company before the particular call is made is known as calls in advances.

Statement two : The unpaid amount on allotments A/c and calls A/c is transfer to calls is advances.

Account :

2. Statement one : The rate of dividend on equity shares is always fixed.

Statement two : The rate of dividend on preference shares is always fluctuating.

3. Statement one : Trade receivables would typically appear on the liability side of a company Balance Sheet

Statement two : Share Capital would typically appear on the liability side of a company Balance Sheet :

4. Statement one : Capital work in progress means Fixed Asset under construction.

Statement two : Intangible asset under development means intangible asset in under development phase :

- (a) Statement one is correct
(b) Statement two is correct
(c) Both statements are correct
(d) Both statements are wrong

SECTION—B

1. Usha Ltd. issued 60,000 equity shares of Rs. 10 each payable as application Rs. 3, on allotment Rs. 3. On first call Rs. 2, on final call Rs. 2. The shares subscribed and all the amount due was received. Prepare Equity Share Capital A/c in the books of Usha Ltd. 4

OR

Write the types of Share Capital.

2. Explain different types of shares. 4

OR

Write a format of Statement of P/L According Schedule VI. 4

3. I Can Co. Ltd. was incorporated on 1st June 2022. The Company purchased the running business of Agrawal Co. Ltd. on 1st Jan. 2022. There is a net profit of the year Rs. 96,000. Company closed its account on 31st Dec. every year. Calculate the profit prior to incorporation and profit after incorporation of the Co. on the time based method. 4

OR

MRF Co. Ltd. was incorporated on 1st Jan. 2010 and received its certificate for commencement of business on 1st April 2010. Total sales of the year Rs. 18,00,000 out of which sales up to 31st March were Rs. 4,50,000. Calculate time ratio and sale ratio. Year ends on 31st March every Year. 4

4. Define Amalgamation with example. 4

OR

Mention the different methods of accounting for amalgamation of Companies. 4

5. (a) Opening balance of 8% debentures 7,00,000. 4
(b) Y Ltd. is going issue debenture to the debenture holders of 'Z' Ltd. to repay the Amt. at a premium of 8%; prepare debenture holders Account.

OR

Explain the concept of Absorption. 4

SECTION—C

1. TCS Ltd. issued 40,000 equity shares of Rs. 10 each at a premium of Rs. 3 per share payable as Rs. 3 on application, Rs. 5 on allotment (including premium) and remaining equally on first and final call. Applications were received for 40,000 equity shares. A Person who was allotted 2,000 shares only paid application money and failed to pay allotment and Call Money. His shares were forfeited after the 1st Call.

Then Company made final call on the remaining shares. Pass the Journal Entries in the books of TCS Ltd. 8

OR

Cotton King Co. Ltd. issued 25,000, equity shares of Rs. 10 each at a premium of Rs. 2. Payable amounts were Rs. 3 per share on application, Rs. 5 per share on allotment (including premium), Rs. 2 per share on first call and Rs. 2 per share on final call. Shyam failed to pay 1st call on 2000 shares. Shyam and Shantanu failed to pay final call on 2000 shares. The directors forfeited their share and re-issued those to Vaibhav for Rs. 9 per share fully paid up. Give the Journal entries relating to forfeited and re-issued in the books of Cotton Kind Co. Ltd. 8

2. From the given balances prepare Statement of P/L and Balance Sheet. In the books of Auto Power Ltd. for the year ended 31st March 2023 :

Trial Balance
(For the year ended 31st March 2023)

Particulars	Amt. Rs.	Particulars	Amt. Rs.
Motor Car	2,00,000	Sale of Stock	4,00,000
Land and Building	2,50,000	in trade	
Opening Stock of Stock in Trade	70,000	Capital	1,50,000
Bills receivable	40,000	Bills Payable	90,000
Cash at Bank	2,50,000	Creditors	60,000
Purchase of Stock in trade	1,50,000	P/L A/c	1,70,000
Salary	40,000	General Reserve	70,000
Wages	30,000	Rent received	40,000
Interest on Bank Loan	10,000	Discount received	60,000
	10,40,000		10,40,000

Adjustment :—

- (1) Closing stock of stock in trade 50,000.
- (2) Provide 10% Depreciation on motor car & land and building.
- (3) Outstanding : Salary 3,000, wages 2,000.

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OR

Explain the all Items appearing in the balance sheet.

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3. Rajdhani Co. Ltd. was incorporated on 1st Jan. 2022 and received its certificate of commencement of business on 1st April 2022. Total Sales of the year were Rs. 9,60,000 out of which sales up to 31st March 2022 were Rs. 4,00,000 and up to 31st Dec. 2022 were Rs. 5,60,000. G.P. of the year was Rs. 2,88,000. The expenses debited to the P/L A/c were :

Particulars	Rs.
Salary	24,000
Stationery	5,760
Advertisement	28,800
Provision on tax (1/3 relating with business)	14,400
General expenses	7,680
Discount allowed	5,760
Depreciation	38,400
Director fees	7,680
Commission on sales	9,600
Audit fees (entirely related with Co.)	2,400
Interest on debenture	800

Bad debts Rs. 1,600 (Rs. 600 relating to Debts created prior to incorporation). Find out the profit earned prior to and after the incorporation of the Company. 8

OR

Lion Ltd. was incorporated on 1-8-2022 to take over the running business of M/s Happy with assets from 1-4-2022. The accounts of the Co. were closed on 31-3-2023. The average monthly Sales during the first four months of the year was twice the average monthly sales during each of the remaining eight months. Total sales is 22,00,000.

Profit and Loss A/c

(for the year ended 31st March 2022)

Particulars	Rs.	Particulars	Rs.
To advertisement	10,000	G.P.	84,000
To debenture interest	5,000		
To Rent	2,000		

Particular	Rs.	Particular	Rs.
To interest on purchase consideration (30-11-2022)	10,800		
To selling commission	12,000		
To director fees	800		
To preliminary for tax	1,000		
To dividend on equity share @ 5%	6,000		
To provision for taxes	5,000		
To Balance	31,400		
	84,000		84,000

Calculate the profit Prior to incorporation and Post incorporation.

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4. 'Z' Ltd. is incorporated to take over the running business of 'X' Ltd. and 'Y' Ltd. who agreed to amalgamate. The balance sheet of these two companies were as under on 31st March 2022 :

Balance Sheet of 'X' Ltd.

Liabilities	Amt. Rs.	Assets	Amt. Rs.
Share Capital 1000 shares Rs. 100 each	1,00,000	Land and Building Plant and Machinery	50,000 30,000
Sundry Creditors	14,000	Stock in trade	20,000
General Reserve	15,000	Sundry Debtors	30,000
P/L A/c	8,000	Cash-in-hand	7,000
	1,37,000		1,37,000

Balance Sheet of 'Y' Ltd.

Liabilities	Amt. Rs.	Assets	Amt. Rs.
Share Capital 1200 shares of Rs. 100 each	1,20,000	Land and Building Plant and Machinery	60,000 40,000
Sundry Creditors	17,000	Stock in trade	20,000
General Reserve	18,500	Sundry Debtors	30,000
P/L A/c	10,000	Cash-in-hand	15,500
	1,65,500		1,65,500

The new Co. takes over the assets and liabilities of both the companies. The assets of 'X' Ltd except cash are taken over at a reduced valuation of 10% and that of 'Y' Ltd at reduced valuation of 10 % and 'Z' Co. paid Rs. 10,000 in cash to both the amalgamating companies and the balances by allotting fully paid equity shares of the required no. Give the Journal entries in the books of 'X' Ltd. and opening Balance Sheet of 'Z' Ltd. 8

OR

Explain the concept and objective of Amalgamation. 8

5. Following is the Balance Sheet of A Ltd. as on 31st March 2014 :

Particulars	Amt. Rs.
(I) (1) Equity and liabilities	
Shareholder funds	
(a) Share Capital Preference :	
(Share capital 100 f.v.)	5,00,000
Equity Share capital 100 f.v.)	15,00,000
(b) General Reserve	9,00,000
(2) Non-current liabilities	
15% debentures	9,50,000
(3) Current liabilities	5,00,000
Total	43,50,000

(II) Assets :

(i) (1) Non-current Assets :	
(a) Tangible Assets	32,50,000
(b) Investment	6,00,000
(2) Current Asset :	
Trade receivables	5,00,000
Total	43,50,000

X Agreed to take over the assets and tangible and liabilities on the following terms and conditions

- (a) Fixed assets 10% above the book value.
 - (b) Investment as per value.
 - (c) Current asset at a discount of 10%.
 - (d) Current liabilities at book value.
- (ii) (a) Company issues 3 equity shares of new Company for 2 equity shares & cash of Rs. 3 per share.
- (b) Discharge 15% debentures at a holder of A Ltd. at 10% premium by issuing 15% debentures of X Ltd.
- (c) Preference shareholders are discharged at a premium of 10% by issuing 15% preference shares of 100 each.
- (d) Calⁿ. of under consideration :
 - (1) Net Asset Method
 - (2) Net Payment method.

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OR

Explain the meaning and types of absorption.

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