

DE-103

December-2022

BBA., Sem.-III

CC-205 : Company Accounts**[Max. Marks : 70****Time : 2½ Hours]****Instruction :** All questions are *compulsory* to attend and carry equal marks.

1. The Balance Sheet of Namesto Ltd. as at 31-3-2022 was as under :

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Particulars	Amt. (₹)	Amt. (₹)
(A) Equity and Liabilities		
(1) Shareholders fund		
(a) Share Capital		
Authorised Capital		<u>21,00,000</u>
Issued Share Capital <small>Each share 10</small>		14,00,000
(b) Reserves and Surplus		
Profit and Loss A/c		8,40,000
(2) Non-Current Liabilities		
5% Debentures		9,10,000
(3) Current Liabilities		
Creditors		4,90,000
Total :		36,40,000
(B) Assets		
(1) Non-Current Assets		
Freehold Properties		7,00,000
(2) Current Assets		
Stock	8,40,000	
Debtors	7,00,000	
Bank Balance	<u>14,00,000</u>	<u>29,40,000</u>
Total :		36,40,000

At the Annual Meeting, it was agreed :

- (1) To pay dividend of 10%.
- (2) To issue one Bonus share for every four old shares held.
- (3) To issue Right shares to existing shareholders. All accepted the offer of one share of ₹ 10 each at ₹ 15 per share for every four shares held prior to issue of bonus shares.

- (4) To redeem debentures at a premium of 3%.
Pass necessary Journal Entries and prepare the Balance Sheet transactions are completed.

OR

- (A) Explain Employee Stock Option Scheme.
(B) Explain advantages of issue of Bonus shares by a company.

2. You are required to prepare Profit & Loss A/c & vertical Balance Sheet as per Sch III of Companies Act, 2013 as on 31-3-2022 from the following balances take from the books of Walter Ltd. as on 31-3-2022.

Trial Balance as on 31-3-2022

Particulars	Amt. (₹)	Amt. (₹)
Equity Share Capital (₹ 75 paid up)	—	26,25,000
Security Premium	—	3,50,000
Land and Building	17,50,000	—
Plant and Machinery	28,00,000	—
Depreciation Provision	—	—
Land and Building	—	3,50,000
Plant and Machinery	—	4,20,000
General Reserve	—	4,90,000
6% Debenture	—	1,75,000
Investments (Equity Shares in Ltd. companies at Cost)	3,50,000	—
Stock as on 31-3-2022	2,45,000	—
Bank Balance	80,500	—
Cash on Hand	2,800	—
Profit and Loss A/c (as on 1-4-2021)	—	87,500
Sundry Creditors	—	2,10,000
Income tax deducted at sources	4,200	—
Establishment expenses	1,82,000	—
Rent and Taxes	8,400	—
Debenture Interest	5,250	—
Audit Fees	10,500	—
Directors Fees	21,000	—
Sundry Expenses	30,450	—
Dividend (Gross)	—	39,200
Gross Profit	—	7,43,400
Total :	54,90,100	54,90,100

Additional Information :

- (1) Authorized capital of the company amounts to ₹ 35,00,000 divided into 35,000 equity shares of ₹ 100 each.
- (2) Market value of investments as on the date of Balance Sheet is ₹ 2,97,500.
- (3) Depreciation is to be provided on written down value on Land and Building at 5% and Plant and Machinery at 15%.
- (4) Provision for Taxation is to be made at 50% of Net Profit.
- (5) Directors propose to Transfer ₹ 35,000 to General Reserve.

OR

- (A) Prepare Profit and Loss Account with imaginary figures as per Schedule III of Companies Act, 2013. 7
- (B) Prepare Balance Sheet with imaginary figures as per Schedule III of Companies Act, 2013. 7

3. Sheetal Ltd. and Amrit Ltd. amalgamated and from 1st April 2022 a new company Samras Ltd. was formed to take over the business of existing companies. The authorized share capital of the new company will be ₹ 70,00,000 divided into shares of ₹ 10 each. The new company will take over all assets and liabilities at book value. Following is the balance sheet of Sheetal Ltd. and Amrit Ltd. as on 31-3-2022 : 14

Balance Sheet as on 31-3-2022

Particulars	Sheetal (₹)	Amrit (₹)
(A) Equity and Liabilities		
(1) Shareholders Fund		
(a) Share Capital		
Equity Share Capital of ₹ 10 each	10,50,000	28,00,000
(b) Reserves and Surplus		
Profit and Loss A/c		1,05,000
General Reserve		2,80,000
(2) Non-Current Liabilities		
8% Debentures	1,75,000	
7% Debenture		7,00,000
(3) Current Liabilities		
Creditors	2,10,000	1,40,000
Bill Payable	52,500	35,000
Total :	14,87,500	40,60,000

(B) Assets		
(1) Non-Current Assets		
(A) Fixed Assets		
(i) Tangible Assets		
Land and Building	4,06,000	8,40,000
Plant	2,24,000	6,30,000
(ii) Intangible Assets		
Goodwill	–	2,10,000
(B) Other Non-Current Assets		
Profit and Loss A/c	3,56,300	–
(2) Current Assets		
Stock	3,15,000	11,20,000
Debtors	1,86,200	5,60,000
Bill Receivables	–	4,20,000
Bank	–	2,80,000
Total :	14,87,500	40,60,000

Purchase Consideration was as follows :

Sheetal Ltd.

- (1) Four shares of ₹ 10 each fully paid in the new company in exchange of five shares of Sheetal Ltd.
- (2) The debenture holders were allotted 10% debenture of Samras Ltd. so as to get same amount of interest.
- (3) ₹ 21,000 in Cash.

Amrit Ltd.

- (1) Six shares of ₹ 10 each fully paid in the new company in exchange of five shares of Amrit Ltd.

(2) The debenture holders were allotted 10% debenture of Samras Ltd. so as to get same amount of interest.

(3) ₹ 5,60,000 in Cash.

The expenses of liquidation of Sheetal Ltd. and Amrit Ltd. came to ₹ 7,000 and 14,000 were paid by Samras Ltd.

Remaining shares were issued to public at a premium of ₹ 2 per share for cash fully paid up.

Pass necessary Journal Entries in the books of Samras Ltd. and prepare opening Balance Sheet.

OR

(A) State the difference between Pooling of Interest Method and Purchase Method of Amalgamation. 7

(B) Write necessary journal entries with imaginary figures in the books of Purchasing Company on amalgamation. 7

4. Define Human Resource accounting and explain various methods for valuation of Human Resource Accounting in detail. 14

OR

(A) Explain Inflation accounting method of Current purchasing Power method of Accounting. 7

(B) Define Environmental accounting and explain its utilities in brief. 7

5. Do as Directed : (any 7) 14

(1) Use of Bonus out of following cannot be made for making partly paid shares fully paid.

- (a) General Reserve
- (b) Dividend Equalization fund
- (c) Security Premium
- (d) Credit Balance of P & L A/c

- (2) Minimum period for two bonus issues must be _____.
- (a) 12 months
 - (b) 24 months
 - (c) 36 months
 - (d) None of the above
- (3) Right shares means such shares which are issued to present shareholders to whom they are firstly offered. (True/False)
- (4) Bank Loan will be recorded under _____.
- (a) Trade Receivable
 - (b) Trade Payable
 - (c) Non-Current Liabilities
 - (d) Non-Current Assets
- (5) For a company goodwill is a Tangible Asset. (True/False)
- (6) Debentures are shown under _____ head of Vertical Balance Sheet.
- (7) Conversion of shares of small denomination into shares of large denomination is called as _____.
- (a) Sub-division of shares
 - (b) Consolidation of shares
 - (c) Both (a) and (b)
 - (d) None of the above
- (8) When two or more companies carrying on similar business decide to combine and a new company is formed, it is known as _____.
- (a) Amalgamation
 - (b) Absorption
 - (c) Business Purchase
 - (d) Dissolution

(9) Which shares can be converted into stock ?

- (a) Partly Paid Shares
- (b) Fully Paid Shares
- (c) Both (a) and (b)
- (d) None of the above

(10) In the books of vendor company, liquidation expenses paid by the vendor company is debited to _____ Account.

- (a) Realisation
- (b) Goodwill
- (c) Expense
- (d) Income

(11) Define Inflation Accounting.

(12) Define Contingent Liability.

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