

Roll No. 0201858

BBA-305(N)

**B. B. A. (Third Semester)
EXAMINATION, Nov./Dec., 2018**

(New Course)

Paper Fifth

COMPANY ACCOUNTS

Time : Three Hours]

[Maximum Marks : 70

Note : Attempt questions from all Sections as directed.

Inst. : The candidates are required to answer only in serial order. If there are many parts of a question, answer them in continuation.

Section—A

(Short Answer Type Questions)

Note : Answer all questions. Each question carries 3 marks.

- I. (A) Distinguish between a Public Company and a Private Company.
- (B) Distinguish between Shares and Debentures.
- (C) What are the distinguishing features of equity shares and preference shares ?
- (D) Give pro forma of Deficiency Account prepared at the time of liquidation of a company by the liquidator.

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- (E) What are the provisions of Companies Act, 2013 regarding redemption of preference share capital of a company ?

- (F) Distinguish between External Reconstruction and Internal Reconstruction of a Company.

- (G) From the following particulars of R Ltd. calculate the managerial remuneration in the following cases :

- (a) There's only one whole time director.
 (b) There are two whole time directors.
 (c) There are two whole time directors, one part time director and manager.

Net profit before provision for Income Tax and Managerial remuneration but after depreciation and provision for repair	₹
Depreciation provided in the books	85,00,000
Provision for repair of machinery during the year	30,00,000
Depreciation allowable under Schedule II of Companies Act, 2013	2,50,000
Actual expenditure incurred on repair during the year	24,00,000
	1,50,000

- (H) Fortune Ltd. issued ₹ 70,000; 12% debentures of ₹ 100 each at a premium of 5% redeemable at 110%.

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You are required to :

- (i) Show by means of journal entries how you would record the above issue.

- (ii) Also show how they would appear in the Balance Sheet.

- (I) A liquidator of a company is entitled to a remuneration at 2% on assets realised and 3% on amount distributed to Preferential Creditors and 3% on payment made to unsecured creditors. The assets were realised for ₹ 25,00,000 against which payment was made as follows :

Liquidation Expenses	₹
Secured Creditors	25,000
Preferential Creditors	10,00,000
	75,000

The amount due to unsecured creditors was ₹ 15,00,000. You are asked to calculate the total remuneration payable to liquidator.

- (J) Moon Ltd. has gone into liquidation on 30th May, 2013. The details of members who have ceased to be member within one year ('B' contributories) along with the debts that could not be paid out of realisation of assets and contribution from present members ('A')

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contributories) are given below. Shares are of ₹ 10 each and ₹ 7 are paid-up :

Share-holders	No. of Shares Transferred	Date of Transfer	Proportionate Unpaid Debts (₹)
A	10000	30-04-2012	30,000
B	12000	15-06-2012	50,000
C	15000	18-10-2012	92,000
D	8000	24-12-2012	1,05,000
E	5000	12-02-2013	1,10,000

Determine the amount realisable from each shareholder.

Section—B

(Long Answer Type Questions)

Note : Attempt any two questions. Each question carries 10 marks.

- What do you mean by financial statements of a company as per Companies Act, 2013 ? Give pro forma of Balance Sheet of a company as per Schedule III or Companies Act, 2013.
- What do you mean by Amalgamation and Absorption of a Company ? What are the journal entries made in the books of vender company and purchasing company in case of absorption of a company ?

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4. Following is the Balance Sheet of Anupam Ltd. as on 31st March, 2018 :

Liabilities	₹	₹
200000, 14% preference shares of ₹ 100 each, fully called	2,00,00,000	
Less : Calls in arrears	(-) 4,00,000	1,96,00,000
@ ₹ 20 per share : 100000 equity share of ₹ 10 each, ₹ 8 per share called	80,00,000	
Less : Calls-in-arrears	(-) 20,000	
Add : Calls-in-advance	10,000	79,90,000
Securities premium		5,10,000
General reserve		1,50,00,000
10000; 15% debentures ₹ 1,000 each fully paid		1,00,00,000
Current liabilities and provisions		10,00,000
		5,41,00,000
Assets	₹	₹
Fixed assets		1,30,00,000
Investments		28,00,000
Other current assets		2,15,00,000
Cash and bank balances		1,68,00,000
		5,41,00,000

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On 1st April, 2018, the Board of Directors decided that :

- (i) The fully paid preference shares are to be redeemed at a premium of 4% on 1st May, 2018 and for that purpose 6 lakh equity shares of ₹ 10 each are to be issued at a premium of 5%.
- (ii) 3000 equity shares owned by Mohan, an existing shareholder, who has failed to pay the allotment money and the first call money @ ₹ 3 and ₹ 2.50 per share respectively, equity shares are to be forfeited on 31st May, 2018.
- (iii) The final call of ₹ 2 per share is to be made on 7th July, 2018 on equity shares.

All the above are duly complied with according to schedule. The amount due on the issue of fresh issue and on final call are also duly received except from Sohan who had failed to pay the first call for his 1400 equity shares, has again failed to pay the final call also. These shares of Sohan are to be forfeited on 31st August, 2018.

Show the necessary journal entries.

5. The authorised capital of Moon Ltd. is ₹ 5,00,000 consisting of 2,000; 6% preference shares of ₹ 100 each and 30000 equity shares of ₹ 10 each. The

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following was the Trial Balance of Moon Ltd. as on 31st March, 2018 :

Debit Balances	₹
Investment in shares at cost	50,000
Purchases	4,90,500
Selling expenses	79,100
Stock on 1st April, 2017	1,45,200
Salaries and wages	52,000
Cash in hand	12,000
Interim preference divided for the half year ended 30th September, 2017	6,000
Discount on issue on debentures	2,000
Preliminary expenses	1,000
Bills receivable	41,500
Interest on bank overdraft	7,800
Interest on debentures upto 30th September, 2017	3,750
Sundry debtors	50,100
Freehold property at cost	3,50,000
Furniture at cost less depreciation of ₹ 15,000	35,000
Income-Tax paid in advance for 2017-18	10,000
Technical know-how fees at cost, paid during the year	1,50,000
Audit fees	5,000
	14,90,950

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Credit Balances	₹
Sundry creditors	87,850
6% Preference share capital	2,00,000
Equity share capital fully paid-up	2,00,000
5% Mortgage debentures secured on freehold properties	1,50,000
Dividends	4,250
Statement of Surplus of Profit and Loss (1st April, 2018)	28,500
Sales (Net)	6,70,350
Bank overdraft secured by hypothecation of stock and receivable	1,50,000
	14,90,950

You are required to prepare Statement of Profit and Loss for the year ended 31st March, 2018 and the Balance Sheet as on that date after taking into account the following adjustments as per Schedule III of Companies Act, 2013 :

- Closing stock was valued at ₹ 1,42,500.
- Purchases include ₹ 5,000 worth of goods and articles distributed among valued customers.
- Salaries and wages include ₹ 2,000 being wages incurred for installation of electrical fittings which were recorded under furniture.
- Bills receivable include ₹ 1,500 being dishonoured bills, 50% of which had been considered irrecoverable.

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- Bills receivable of ₹ 2,000 maturing after 31st March, 2018 were discounted.
- Depreciation of furniture to be charged @ 10% on written down value.
- ₹ 1,000 discount on issue of debentures to be written-off.
- Interest on debentures for the half year ended on 31st March, 2010 was due on that date.
- Provide provision for taxation ₹ 4,000.
- Technical know-how fees is to be written-off over a period of 10 years.

Section—C

(Long Answer Type Questions)

Note : Attempt any two questions. Each question carries 10 marks.

6. How are following prepared, give their pro forma :

- Liquidator's Final Statement of Account
- Receiver's Receipts and Payment Account

7. Define Holding company and Subsidiary company and explain the following :

- Capital Reserve or Goodwill
- Minority Interest
- Inter company transactions

Or

On 1st October, 2017, Poddar Ltd. acquired 12000 equity shares of Bhansali Ltd. of the face value of ₹10

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each at a price of ₹ 1,70,000. The Balance Sheets of two companies as on 31st March, 2018 are as follows :

Liabilities	Poddar Ltd. (₹)	Bhansali Ltd. (₹)
Equity shares of ₹ 10 each	10,00,000	2,00,000
General reserve	4,20,000	1,00,000
(1st April, 2017)		
Profit & Loss Account	90,000	40,000
(1st April, 2017)	1,70,000	45,000
Profit for the year	2,40,000	92,000
Creditors	80,000	60,000
Bills payable	20,00,000	5,37,000

Assets	Poddar Ltd. (₹)	Bhansali Ltd. (₹)
Goodwill	3,00,000	70,000
Land and Building	4,00,000	1,00,000
Plant and machinery	5,00,000	1,00,000
Stock	2,00,000	40,500
Debtors	3,00,000	1,34,500
Investments	2,00,000	—
Bills Receivable	20,000	30,000
Bank	60,000	50,000
Cash	20,000	12,000
	20,00,000	5,37,000

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Out of the debtors and bills receivable of Poddar Ltd. ₹ 50,000 and ₹ 16,000 respectively represented those due from Bhansali Ltd. The stock in the hands of Bhansali Ltd. includes goods purchased from Poddar Ltd. at ₹ 20,000 which includes profit charged by latter company @ 25% at cost.

Prepare a consolidated Balance Sheet as on 31st March, 2018 and also show your workings.

8. Rose Ltd. is taking over entire business of Lily Ltd. on the basis of the following Balance Sheets as at 31st March, 2018 :

	Rose Ltd. (₹)	Lily Ltd. (₹)
I. Equity and Liabilities :		
(1) Shareholders' fund :		
(a) Share capital :		
Equity shares of ₹ 10 each, fully paid	10,80,000	8,06,600
(b) Reserves and Surplus :		
General reserve	1,72,000	1,09,980
Surplus	1,32,000	87,000
(2) Current liabilities :		
Trade payables	88,800	1,16,400
Total	14,72,800	11,19,980

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9. Z Ltd. went into voluntary liquidation on 31st December, 2017 Balance Sheet of the company as on that date stood as follows :

			₹
I. Equity and Liabilities :			
(i) Share capital :			
20000, 10% cumulative preference shares of ₹ 100 each, fully paid-up	20,00,000		
10000 equity shares of ₹ 100 each, ₹ 75 paid-up	7,50,000		
30000 equity shares of ₹ 100 each, ₹ 60 paid-up	18,00,000		45,50,000
(ii) Reserves and surplus :			
Profit & Loss A/c			(11,25,000)
(iii) Non-current liabilities :			
15% Debentures secured by a floating charge			10,00,000
(iv) Current liabilities :			
Trade payables	12,75,000		
Outstanding interest on debentures	1,50,000		14,25,000
Total			58,50,000

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II. Assets :		
(1) Non-current Assets :		
Fixed assets :		
(i) Tangible assets (plant)	4,20,000	3,20,000
(ii) Intangible assets (goodwill)	1,00,000	70,000
(2) Current Assets :		
(a) Inventories	1,83,000	1,65,000
(b) Trade receivables	5,73,800	3,45,800
(c) Cash and cash equivalents	1,96,000	2,19,180
Total	14,72,800	11,19,980

Further Information :

- (a) Plant of Rose Ltd. and Lily Ltd. is worth ₹ 3,90,000 and ₹ 3,50,000 respectively.
- (b) Goodwill of Rose Ltd. and Lily Ltd. is to be valued at ₹ 1,50,000 and ₹ 1,00,000 respectively.
- (c) Stock of Lily Ltd. is over-valued by 10% above its cost.
- (d) Rose Ltd. is taking over Lily Ltd. by issue of shares at the intrinsic value.
- (e) All the assets and liabilities of Lily Ltd. were incorporated in the books of Rose Ltd. at fair value and assets and liabilities of Rose Ltd. have been carried at carrying values only.

You are required to prepare post-absorption balance sheet of Rose Ltd. and give journal entries in the books of Lily Ltd.

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II Assets :		
(i) Non-current assets :		
Land and building	10,00,000	
Plant and machinery	25,00,000	
Furniture and fixtures	<u>4,00,000</u>	<u>39,00,000</u>
(ii) Current assets :		
Stock	5,50,000	
Trade receivables	11,00,000	
Cash and bank balance	<u>3,00,000</u>	<u>19,50,000</u>
Total		58,50,000

Other Information :

- (i) Preference share dividend are in arrears for the last two years.
- (ii) Trade payables included preferential creditors of ₹ 1,52,000.
- (iii) The assets were sold and realised as follows :

Particulars	₹
Land and building	12,00,000
Plant and machinery	20,00,000
Furniture and fixtures	3,00,000
Stock	6,00,000
Trade receivables	8,00,000

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- (iv) Expenses of liquidation were ₹ 1,09,000.
- (v) Liquidator is entitled to receive commission of 3% on assets realised except cash.
- (vi) Preference shareholders have right to dividend at the time of liquidation.
- (vii) The final payment including those on debentures is made on 30th June, 2018.

You are required to prepare liquidator's final statement of account.

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2,200

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