

**AO-5424**

Seat No. _____

Second Year B. B. A. Examination**March / April - 2016****Company Accounts***(New Course of Annual System) (Old Course)*

Time : 3 Hours]

[Total Marks : 100

- Instructions :** (1) Give answer of each question to the point.
(2) Question no. 1 is compulsory.
(3) Simple calculator is allowable in examination.
Needfull working notes are considered as a part of answer.
(4) Figures to the right indicate marks of each question.

- 1 The following is the Trial Balance of Nakul Ltd. as at **20**
31-3-2015 :

| <i>Particulars</i> | <i>Debit Bal. Rs.</i> | <i>Credit Bal. Rs.</i> |
|---|---------------------------|----------------------------|
| Stock of 1 st April, 2014 | 75,000 | - |
| Purchase Returns | - | 10,000 |
| Purchases and sales | 2,45,000 | 3,40,000 |
| Wages | 35,000 | - |
| Discount | - | 4,000 |
| Carriage inward | 1,000 | - |
| Furniture and fitting | 18,000 | - |
| Salaries | 8,000 | - |
| Rent | 5,000 | - |
| Sundry expenses | 7,000 | - |
| Profit and Loss App. A/c. 31 st March, 2014 | - | 20,000 |
| Dividend paid of 2013-14 | 10,000 | - |
| Share capital | - | 1,10,000 |
| Debtors and creditors | 28,000 | 18,000 |
| Plant and Machinery | 30,000 | - |
| Cash at Bank | 45,000 | - |
| General reserve | - | 8,000 |
| Patents and Trade marks | 5,000 | - |
| Bills receivable and Bills payable | 6,000 | 8,000 |
| | 5,18,000 | 5,18,000 |

Additional Informations :

- (1) Stock on 31st March, 2015 was valued of Rs. 90,000.
- (2) Make a provision for income tax @ 50%.
- (3) Depreciate plant and machinery @ 15%. Furniture and fittings @ 10% and patents and trade marks @ 5%.
- (4) On 31st March, 2015 outstanding rent amounted to Rs. 1,000 while outstanding salaries totalled Rs. 1,100.
- (5) The directors propose a dividend @ 15% per annum for the year ended 31st March, 2015 after the minimum transfer to General Reserve Rs. 3,000.
- (6) Make a provision for doubtful debts amounting to Rs. 500.

You are required to prepare P/L A/c. for the year ended 31st March, 2015, and a B/s as on that date in vertical form as per the provisions of schedule VI of the Companies Act, 1956.

- 2** From the following statement of Financial Position of Yugm Ltd. as at 31st March, 2015, compute following ratios for the year and make brief comment on each of them. **20**

The Balance Sheet of Yugm Ltd. as on 31-3-2015

| <i>Liabilities</i> | <i>Amt. (Rs.)</i> | <i>Assets</i> | <i>Amt. (Rs.)</i> |
|--|------------------------------|-----------------------|------------------------------|
| Share capital | | Fixed assets | 30,00,000 |
| Equity share cap. of Rs. 100 each share | 15,00,000 | Closing stock | 2,50,000 |
| 10% Pref. shares of Rs. 100 each fully paid up | 10,00,000 | Debtors | 4,00,000 |
| General reserve | 5,00,000 | Bills receivable | 25,000 |
| Profit and loss A/c. | 3,00,000 | Cash and bank balance | 1,40,000 |
| 10% Debentures | 2,50,000 | Fictitious assets | 35,000 |
| Bank overdraft | 40,000 | | |
| Creditors | 2,10,000 | | |
| Other liabilities | 50,000 | | |
| | 38,50,000 | | 38,50,000 |

Additional Information :

Sales Rs. 30,00,000, Purchases Rs. 17,50,000, Average stock Rs. 1,60,000.

Sales administrative and Financial expenses Rs. 3,00,000. Assume tax rate @ 50% 360 days to be taken for the year.

- (1) Gross Profit Ratio
- (2) Rate of return on equity shareholders funds
- (3) Current Ratio
- (4) Debtors Ratio
- (5) Stock Turnover Ratio
- (6) Operating Ratio
- (7) Net Profit Ratio.

OR

- 2** Ashwin Ltd. issued a prospectus inviting application for **20** 4,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows :

On Application Rs. 2

On Allotment..... Rs. 5 (including premium)

On First call Rs. 3

On Final call..... Rs. 2

Applications were received for 6,000 shares and pro-rata allotment was made on the applications for 4800 shares money overpaid on applications was employed on account of sum due on allotment.

Raj to whom 80 shares were allotted failed to pay the allotment money and on his subsequent failed to pay first call his shares were forfeited. Mayur, the holder of 120 shares, failed to pay the two calls and his share were forfeited after the final call.

Of the forfeited, 160 shares were sold to Kiran credited as fully paid for Rs. 9 per share, the whole of Raj's share being included.

Show Journal entries in the books of the company for recording above share capital transaction.

- 3 The following is the B/s. of Dhaval Ltd. as on 31-3-2015 20
Ankur Ltd. wants to purchase its business :

| <i>Liabilities</i> | <i>Amt. (Rs.)</i> | <i>Assets</i> | <i>Amt. (Rs.)</i> |
|--------------------|-----------------------|-------------------|-----------------------|
| Share capital | | Land and Building | 2,00,000 |
| 30,000 equity | | Plant and Mach. | 60,000 |
| shares of | | Debtors | 40,000 |
| Rs. 10 each | 3,00,000 | Bills receivable | 20,000 |
| Creditors | 60,000 | Stock | 60,000 |
| Providend fund | 20,000 | Cash and bank | 20,000 |
| Bills payable | 20,000 | | |
| | 4,00,000 | | 4,00,000 |

The profit of the company for the last five years are Rs. 48,000, Rs. 40,000, Rs. 64,000, Rs. 48,000 and Rs. 60,000 respectively. Manager of the company Shri Akash was giving honorary service but now a salary of Rs. 10,000 per annum will have to be paid to him Dhaval Ltd. pays Rs. 8,000 for office rent, which Ankur Ltd. will not be required to pay.

The expected rate of return in this type of business is 10%.

Calculate goodwill on the basis of capitalisation of average profits method.

OR

- 3 With the help of informations given in above question 20
no. 3. Find out the fair value of the equity shares of the Dhaval Ltd. after considering following additional information, for valuation of shares :

- (1) The present market value of the land and building is Rs. 3,00,000.
- (2) The remaining assets are to be taken of their book value.
- (3) Goodwill is valued of Rs. 50,000.

4 (a) What journal entries will be made in the following cases : 10

- (i) A company issued Rs. 40,000, 6% debentures at par redeemable at par.
- (ii) A company issued Rs. 40,000, 6% debentures at discount of 10% redeemable at par.
- (iii) A company issued Rs. 40,000, 6% debentures at premium of 5% redeemable at par.
- (iv) A company issued Rs. 40,000, 6% debenture at par redeemable at 10% premium.
- (v) A company issued Rs. 40,000, 6% debenture at a discount of 5% and redeemable at 5% premium.

(b) A company issued debentures of the face value of Rs. 1,00,000 at a discount of 6%. The debentures were repayable by annual drawings of Rs. 20,000. How would you deal with the discount on debenture ? Show the discount account in the company's ledger for the period of duration of debentures. 10

OR

4 The following is the B/s of Harish Ltd. as on June 30, 2015 : 20

| <i>Liabilities</i> | <i>Amt. (Rs.)</i> | <i>Assets</i> | <i>Amt. (Rs.)</i> |
|---|-----------------------|----------------|-----------------------|
| 3,000 6% redeemable pref. shares of Rs. 10 each | 30,000 | Fixed assets | 1,00,000 |
| 6,000 equity shares of Rs. 10 each | | Investment | 21,000 |
| fully paid | 60,000 | Stock in trade | 44,000 |
| Share premium | 29,000 | Sundry debtors | 16,000 |
| General reserve | 40,000 | Cash of Bank | 22,000 |
| Profit and Loss A/c. | 24,500 | | |
| Sundry creditors | 19,500 | | |
| | 2,03,000 | | 2,03,000 |

The company exercised its option to redeem, on July 1, 2015, the whole of the preference share capital at premium of 5%.

To assist in financing the redemption, all the investments were sold realising Rs. 19,500. On September 1, 2015, the company made a bonus issue of seven equity shares fully paid for every six equity shares held on that date.

The appropriate resolutions having been passed the above transactions were duly completed.

You are required to show the journal entries to record the transactions in the books of the company and the Balance Sheet as it would appear after the completion of the transactions.

- 5** Write short notes on : (any two) **20**
- (a) Any two methods of Human Resources
 - (b) Comparative financial statement
 - (c) Social Responsibility Accounting
 - (d) Utility of share premium
 - (e) Current Purchasing Power (C.P.P.)
 - (f) Methods of Financial Statement Analysis
 - (g) Common size statement
 - (h) Methods of Redemption of debenture any two.
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