

**FIVE YEAR B.B.A., LL.B. (HONOURS) DEGREE
EXAMINATION, NOVEMBER 2024**

Fourth Semester

FB 12—COMPANY ACCOUNTS

(2022 Admissions—Regular/2018 to 2021 Admissions—Supplementary)

Time : Three Hours

Maximum : 75 Marks

Part A

*Answer any five questions.
Each question carries 3 marks.*

1. Differentiate amalgamation and external reconstruction.
2. Describe the need for profit and loss appropriation account.
3. What are Right shares ?
4. What do you mean by forfeiture of shares ?
5. State the conditions for redemption of redeemable preference shares.
6. Narrate the meaning of purchase consideration.

(5 × 3 = 15 marks)

Part B

*Answer any three questions.
Each question carries 10 marks.*

7. Under what conditions internal reconstruction becomes desirable ? Does it necessarily involve capital reduction ?
8. Pass the necessary journal entries in the books of B Ltd. in the following cases :
 - (a) 3,500, 8 % debentures of Rs. 100 each have been issued at par and are redeemable at par.
 - (b) 4,500, 8 % debentures of Rs. 100 each have been issued at par and are redeemable at 5 % premium.
 - (c) 3,000, 8 % debentures of Rs. 100 each have been issued at 5 % discount and are redeemable at par.
 - (d) 2,500, 8 % debentures of Rs. 100 each have been issued at 5 % discount and are redeemable at 4 % premium.
 - (e) 3,000, 8 % debentures of Rs. 100 each have been issued at 5 % premium and are redeemable at par.

Turn over

9. A company Kalyan Ltd. registered with an authorised capital of Rs. 5,00,000 divided into shares of Rs. 10 each. The company purchased the various assets of Kiran for Rs. 2,00,000 and payment is made by the issue of 15,000 shares at a premium of 10 % and the balance in cash.

20,000 shares were issued to the public at par and full payment received on application. The company issued 400 shares at a discount of 5 % to its promoters against their services.

Record journal entries from the above transactions and prepare first Balance Sheet in the books of the company.

10. The following is the Balance Sheet of Zee Ltd. as on 31st Dec., 2013 :

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Capital 15,000 shares of Rs. 10		Land and Building	...
each fully paid	...	Machinery	...
Stautory reserve	...	Stock	...
Sundry creditors	...	Sundry Debtors	...
Bank Overdraft	...	Profit and Loss Account	...
Total	...	Total	...
	<u>2,67,000</u>		<u>2,67,000</u>

The company decided to go for voluntary liquidation and the assets were sold to Zoom Ltd. for Rs. 2,25,000 payable as to Rs. 90,000 in cash (which sufficed to discharge creditors and bank overdraft and to pay off the winding up expenses Rs. 3,000) and as to Rs. 1,35,000 by the allotment of 18,000 shares of Rs. 10 each in Zoom Ltd. Rs. 7.50 per share paid up, to the shareholders of Zee Ltd.

Draw up the necessary Ledger accounts to close the books of Zee Ltd. and the journal entries for recording these transaction in the books of Zoom Ltd.

(3 × 10 = 30 marks)

Part C

*Answer any two questions.
Each question carries 15 marks.*

11. What do you mean by amalgamation of companies ? Describe the different types of amalgamation and also illustrate the accounting methods of amalgamation.
12. The following scheme of capital reduction was duly sanctioned by the court :
- Equity shares to be reduced by Rs. 90 each.
 - Preference shares to be reduced to Rs. 90 each.
 - The debenture holders to waive their outstanding interest.
 - One equity shares of Rs. 5 paid will be issued for every Rs. 100 of preference dividend which was in arrear for two years.
 - Share premium and all intangible assets to be written off.

- (f) All types of fixed assets to be reduced proportionately by the balance available :

The balance Sheet of Unwell Ltd as on 31st March 2014 as under:

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Share capital (3,000 8 %		Goodwill	... 34,000
cumulative pref. shares of		Freehold assets	... 1,80,000
Rs. 100 each) ...	3,00,000	Machinery	... 3,60,000
4,000 equity shares of		Patent	... 44,000
Rs. 100 each ...	4,00,000	Stock	... 30,000
Share premium ...	1,00,000	Debtors	... 62,400
6% debentures ...	1,00,000	Preliminary expenses	... 64,600
Interest on Deb. Accrued ...	6,000	Profit and Loss Account	... 1,71,000
Creditors ...	40,000		
Total ...	9,46,000	Total ...	9,46,000

You are required to give journal entries and prepare Balance Sheet after the capital reduction.

13. From the following trial balance of Narmada Company Ltd., Jabalpur, you are required to prepare final accounts for the year ended 31st March, 2014 :

<i>Particulars</i>	<i>Debit</i>	<i>Credit</i>
Opening stock	... 7,500	
Purchases	... 24,500	
Wages	... 5,000	
Sales	...	35,000
Discount	... 700	500
Salaries	... 750	
Rent	... 495	
General expenses	... 1,705	
Dividend paid	... 900	
Profit and Loss Account	...	1,503
Bad debts	... 483	
Reserve	...	1,550
Creditors	...	1,750
Debtors	... 3,750	
Capital	...	10,000
Machinery	... 2,900	
Cash	... 1,620	
Total	... 50,303	50,303

Turn over

Other information :

- (a) Stock amounted to Rs. 8,200 on 31-03-2014.
- (b) Charge 10 % depreciation on machinery.
- (c) Outstanding rent is Rs. 45.
- (d) Prepaid general expenses are Rs. 38.

(2 × 15 = 30 marks)