

**FIVE YEAR B.B.A., LL.B. (HONOURS) DEGREE EXAMINATION
SEPTEMBER 2021****Fourth Semester****FB 12—COMPANY ACCOUNTS**

(2018 Admission onwards—Regular)

Time : Three Hours

Maximum : 75 Marks

Part A*Answer any five of the following questions.**Each question carries 3 marks.*

1. Narrate the features of a Company.
2. Describe the purpose behind the preparation of Profit and Loss Appropriation by a Company.
3. How will you determine the Purchase Consideration ?
4. Distinguish between Amalgamation and Absorption.
5. State the conditions for re-issue of forfeited shares.
6. Briefly explain the guidelines for issue of Bonus shares.

(5 × 3 = 15 marks)

Part B*Answer any three of the following questions.**Each question carries 10 marks.*

7. What do you mean by redemption of shares ? Discuss the sources and conditions for redemption of debentures.
8. Define Share. Mention the different types of share capital.
9. White Ltd. issues 10,000 12 % Secured debentures of Rs. 100 each. Give journal entries if the debentures are redeemable at par and are issued (a) at par ; (b) at a discount of 2 percent ; and (c) at a premium of 3 percent.

Also show the entries which will be made if the debentures are redeemable at a premium of 5 per cent and are issued (a) at par ; and (b) at a discount of 2 per cent. Also show in each case, how the figures will appear in the Balance Sheet.

Turn over

10. The Balance Sheet of Z Ltd. and A Ltd. as on September 30, 2006 are given below :

<i>Liabilities</i>	<i>Z Ltd.</i>	<i>A Ltd.</i>	<i>Assets</i>	<i>Z Ltd.</i>	<i>A Ltd.</i>
Equity share capital (Rs. 10 each) ...	2,00,000	4,00,000	Sundry assets ...	3,10,000	6,00,000
Reserve and surplus ...	40,000	1,00,000	Loan to a Ltd. ...	30,000	—
9 % Debentures (Rs. 100 each) ...	1,00,000	—	Investments 5,000 shares of A Ltd. ...	50,000	—
Loan from Z Ltd. ...	—	30,000			
Sundry creditors ...	50,000	70,000			
	<u>3,90,000</u>	<u>6,00,000</u>		<u>3,90,000</u>	<u>6,00,000</u>

A Ltd. proposes to take over Z Ltd. on the following terms :

- A Ltd. will issue a sufficient number of its shares at Rs. 11 each and pay cash per share held by members of Z Ltd.
- 9 % debentures of Z Ltd. are to be paid at 8 % premium by issue of a sufficient number of 10 % debentures of A Ltd. at Rs. 90.

Assuming that the take-over has been complete, show Journal entries and ledger accounts in the books of the companies and draft the Balance Sheet in the books of A Ltd.

(3 × 10 = 30 marks)

Part C

Answer any two of the following questions.

Each question carries 15 marks.

- What do you mean by internal re-construction ? Mention the steps for internal reconstruction. Also explain how internal re-construction differs from External reconstruction.
- The following is the trial balance drawn up on 31st December 2004 :
 - The value of stock on 31st December 2004 was Rs. 2,15,000.

	<i>Dr. Rs.</i>	<i>Cr. Rs.</i>
Paid-up Capital :		
3,000 6 % cumulative preference shares ...	—	3,00,000
3,000 equity shares (Rs. 75 per share called up) ...	—	2,25,000
Goodwill ...	1,00,000	—
5 % first mortgage debentures (secured on freehold properties) ...	—	2,10,000
Trade Debtors and Creditors ...	1,67,500	1,25,520
Freehold properties at cost ...	3,90,000	—
Stock on 1st January 2004 ...	2,41,500	—

General Reserve	...	—	82,725
Salaries	...	1,03,500	—
Profit and Loss Account	...	—	58,500
Reserve for taxation	...	—	8,800
Delivery expenses	...	1,02,000	—
Rent and rates	...	38,250	—
General expenses	...	21,000	—
Furniture at cost	...	75,000	—
Sales	...	—	9,18,600
Purchases	...	4,76,500	—
Bills Receivable	...	6,000	—
Freight and carriage inward	...	3,750	—
Investments :			
600 shares of Rs. 100 each in Sunrise Ltd.	...	60,000	—
Debenture interest (half year to June 2004)	...	5,250	—
Final dividend for 2003	...	20,250	—
Preference dividend (half year to 30th June 2004)	...	9,000	—
Balance at bank in Current A/c	...	97,500	—
Cash in hand	...	14,145	—
Share forfeited Account	...	—	2,000
		<u>19,31,145</u>	<u>19,31,145</u>

- (b) Depreciation on freehold properties is to be provided at 2½ % and on furniture at 6 %.
- (c) The directors propose to pay the second half year's dividend on preference shares and a 10 % dividend on equity shares.
- (d) Shares have been forfeited on non-payment of Rs. 35 per share.

You are required to prepare final accounts of the company.

13. The following are the summarized Balance Sheet of X Ltd. and Y Ltd. as on 31st March, 2006 :

<i>Liabilities</i>		Rs.	<i>Assets</i>		Rs.
Share Capital	...	40,000	Sundry assets	...	50,000
Profit and Loss Account	...	5,000	Shares in Y Ltd.		
15 % Debentures	...	10,000	1500 shares	...	20,000
Creditors	...	15,000			
Total	...	<u>70,000</u>	Total	...	<u>70,000</u>

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Share Capital (of Rs. 10 each)	... 20,000	Sundry assets	... 34,000
Creditors	... 14,000		
Total	... <u>34,000</u>	Total	... <u>34,000</u>

A new company, XY Ltd., is formed to acquire the entire business of X Ltd. and Y Ltd. For this purpose, sundry assets of X Ltd. were valued at Rs. 30,000 and sundry assets of Y Ltd. at Rs. 20,000. The consideration is to be discharged in shares of the new company. Close the books of X Ltd. and Y Ltd.

Also give journal entries in the books of XY Ltd. for the purchase of business.

(2 × 15 = 30 marks)