



D-19BBA307

Seat No. _____

B. B. A. (Sem. III) Examination

August - 2022

Corporate Account

Time : $2\frac{1}{2}$ Hours]

[Total Marks : 70

- 1 Balance sheet of Manish Co. Ltd. and Jiten Co. Ltd. as 20 on 31-3-12.

Liability	Manish Co.	Jiten Co.	Assets	Manish Co.	Jiten Co.
Equity share each of Rs.10 (fully paid)	15,00,000	10,00,000	Goodwill	1,60,000	50,000
General reserve	2,50,000	-	Land	5,00,000	4,00,000
P & L A/c.	1,00,000	-	Building	4,00,000	5,85,000
12% Debenture	3,00,000	-	Furniture	3,60,000	-
10% Debenture	-	2,00,000	Debtors	5,00,000	1,00,000
Creditors	1,70,000	25,000	Cash-bank	4,00,000	70,000
			P & L A/c	-	20,000
	23,20,000	12,25,000		23,20,000	12,25,000

On the same date they agreed to amalgamate on the following conditions, The New Manjit Co. Ltd.:

- (1) To issue 7 shares each of Rs. 10 fully paid of new Co., in exchange of 5 shares of Manish Co., and cash Rs. 30,000.
- (2) To issue 2 shares each of Rs. 10 fully paid of new Co., in exchange of 4 shares of Jiten Co., and cash Rs. 8,000.
- (3) New Co., is to take over assets and liabilities of both the Co. at book value.

- (4) Debenture of Manish Co., were converted into number of 9% debenture of New Co. so as they get same interest.
- (5) Debenture of Jiten Co. were converted into number of 5% debenture of New Co. so as they get same interest.

Giving effect to the above scheme, prepare:

- (i) Necessary ledger accounts to close the books of Manish Co. and Jiten Co.
- (ii) Balance sheet of New Co.

OR

- 1 The following are the Balance Sheets of Zalak Ltd. and Zeel Ltd. as on 31-3-17: 2

Liability	Zalak Ltd.	Zeel Ltd.	Assets	Zalak Ltd.	Zeel Ltd.
Share Capital: Equity share each of Rs. 10	5,00,000	1,00,000	Goodwill	-	17,500
General reserve	1,50,000	-	Land & Building	1,75,000	50,000
P & L A/c	57,500	13,000	Machinery	3,50,000	-
Creditors	32,500	7,750	Furniture	25,000	-
Bills Payable	5,000	-	Patent	37,500	2,500
			Stock	75,000	16,000
			Debtors	25,000	15,500
			Bills Receivable	7,500	-
			Bank Balance	50,000	11,750
			Vehicles	-	7,500
	7,45,000	1,20,750		7,45,000	1,20,750

- (1) Directors of both companies have decided to form a new Co. named Poonam Ltd. to purchase all the Assets and liabilities except cash of both the companies.
- (2) Authorized share capital of Poonam Ltd. is 60,000 Equity shares of Rs. 10 each.

- (3) As purchase consideration of Rs. 7,00,000 of Zalak Ltd. has been given 44,300 Equity shares of Rs. 10 each at 50% premium and remaining amount in cash.
- (4) As purchase consideration of Rs. 92,500 at Zeel Ltd. has been given 5,700 Equity shares each of Rs. 10 at 50% premium and remaining amount in cash.
- (5) Poonam Ltd. has issued remaining share to public at 50% premium.

Prepare all the necessary accounts in the book of Zalak Ltd. and Balance Sheet of Poonam Ltd.

- 2 The Balance Sheets of Urmi Ltd. and Kant Ltd. as in 31-3-2017 are as under :

Liability	Urmi Ltd.	Kant. Ltd.	Assets	Urmi Ltd.	Kant. Ltd.
Equity share capital of Rs. 100 each	15,00,000	10,00,000	Land & Building	7,50,000	3,75,000
12% pref. share each of Rs. 100	-	5,00,000	Plant & Machinery	10,00,000	10,00,000
General reserve	3,50,000	2,12,500	Furniture	1,00,000	50,000
Investment Allowance reserve	1,50,000	12,500	Stock	5,00,000	4,00,000
P & L A/c	2,00,000	25,000	Debtors	2,50,000	1,00,000
15% Debenture	2,50,000	-	Bank balance	1,50,000	75,000
12% Debenture	-	1,25,000			
Creditors	2,50,000	1,00,000			
Bills Payable	50,000	25,000			
	27,50,000	20,00,000		27,50,000	20,00,000

Urmi Ltd. was absorbed into Kant Ltd. as per the following conditions:

- (i) Equity shareholders of Kant Ltd. were to get 10,000 equity shares of Rs. 100 each in Urmi Ltd. at a market value of Rs. 120 per share.
- (ii) Preference shareholders of Kant Ltd. were to get 5,000, 12% preference shares of Rs. 100 each in Urmi Ltd. at a market value of Rs. 105 per share.

(iii) The debenture holders of Kant Ltd. were to be allotted such debentures in Urmi Ltd. bearing interest 15% as would bring them the same amount of interest.

(iv) Investment allowance reserve is to be maintained in future at least for another five years.

From the above information, prepare the Balance Sheet after the implementation of the purchase scheme and draft the journal entries.

Urmi Ltd. assuming that absorption is in the nature of purchase.

OR

2 The Balance Sheet of Viral Co. Ltd. as on 31-3-2017 is **20** as under :

Liability	Amount	Assets	Amount
Share Capital: 5,000 Equity Shares each of Rs. 100 each	5,00,000	Building	2,00,000
Reserve fund	10,000	Plant	1,60,000
9% Debentures	1,00,000	Stock	30,000
Creditors	80,000	Debtors	1,20,000
Provident fund	10,000	Bank	25,000
		Preliminary expenses	35,000
		P & L A/c	1,30,000
	7,00,000		7,00,000

As on 1-4-2010 New Co. Manoj Ltd. to be formed to take over the business of Viral Co. Ltd. in the form of reconstruction. The following terms and conditions were approved.

(1) The debenture holders of Viral Ltd. are to be given such total number of 12% Debentures of Manoj Ltd. so that they will earn the same amount of interest that they are earning at present.

- (2) Manoj Ltd. will issue 48% of the shares out of the total numbers of shareholders of Viral Ltd. at face value of Rs. 100 each.
- (3) Liquidation expenses of Rs. 2,000 will be borne and paid by new co.

Prepare required accounts in the books of Viral Ltd. and Balance Sheet in the books of New Company after the implementation of the Reconstruction Scheme.

- 3 The following is the Trial Balance of Gujarat Ltd. as on 31-3-2021. 15

Particulars	Debit	Credit
Equity share capital		12,00,000
12% Preference share capital		3,00,000
10% Redeemable Debenture		3,00,000
Opening stock	1,40,000	
Purchases and Sales	18,60,000	32,00,000
Goods returned	80,000	60,000
Land and Building	8,00,000	
Plant and Machinery	6,00,000	
Debtors and Creditors	4,00,000	2,00,000
Octroi	1,80,000	
Selling and Distribution Expenses	40,000	
Carriage inward	16,000	
Wages	6,80,000	
Administrative expenses	1,70,000	
Vehicles	1,20,000	
Director's fees	20,000	
Loan of Director		40,000
Interest on debenture	12,000	
Interest on investments		16,000
Staff Pension fund		16,000
Investments	3,00,000	
Discount on Debentures	80,000	
Bills	72,000	20,000
Fixed Deposits		48,000
General Reserve		1,40,000
Share Forfeiture Account		20,000
Cash and Bank	50,000	
Profit and Loss Accounts (1-4-2020)		60,000
	56,20,000	56,20,000

Additional Information :

- (1) Closing stock is valued at Rs. 2,80,000.
- (2) Depreciate land and building by 5%, Plant and Machinery by 10% and Vehicles by 20%.
- (3) Interest receivable on investments is Rs. 14,000.
- (4) Provide Bad debts reserve on debtors by 5%.
- (5) Transfer Rs. 40,000 to General Reserve.
- (6) The directors have proposed 10% dividend on equity share capital.
- (7) Provide Corporate Dividend Tax at 20% (including surcharge and cess) on proposed dividend.

Prepare Final Accounts per schedule III of Companies Act, 2013.

OR

- 3** Prepare final accounts as per schedule III of Companies Act, 2013 of Vijay Co. Ltd. from the following Trial Balance as on 31-3-2015 and additional information given below : **15**

Debit Balance	Rs.	Credit Balance	Rs.
Land and Building	3,40,000	Equity share capital	5,00,000
		General Reserve	80,000
Machinery	2,30,000	Share forfeited A/c	9,000
Furniture	64,000	Securities premium	33,000
Investments	3,31,400	Capital reserve	1,10,000
Debtors	1,32,000	7.5% Preference	
Loose tools	24,000	share capital	2,00,000
Cash and		5% Debentures	
Bank balance	21,600	(mortgage)	1,00,000
Calls-in-Arrears		Deb. Redemption	
(equity shares)	20,000	fund	40,000
Opening stock of		Bank loan	50,800
finished goods	66,600	Public deposit	29,200
Purchases	2,13,000	Sales	5,20,000

Productive wages	70,400	Creditors	92,000
Deb. Red. fund		Profit & Loss A/c	11,000
investments	40,000	Income from	
Salaries	1,14,000	investment	19,000
Rent, rate and taxes	40,000	Reserve for bad debts	6,000
Directors fees	7,000		
Postage and telegram	13,000		
Provident fund			
contribution	5,000		
Income tax	56,000		
Preliminary expenses	12,000		
	<u>18,00,000</u>		<u>18,00,000</u>

Additional information :

- (1) The authorized capital of the company is Rs. 10,00,000.
- (2) The directors of the company recommended 7.5% dividend on Pref. share capital and 10% on equity share capital.
- (3) Transfer Rs. 40,000 to general reserve.
- (4) Provide depreciation on machinery at 2% on furniture at 5% and on land & building at 4%.
- (5) Outstanding expenses : Productive wages Rs. 5,000, Salaries Rs. 6,000 and Rates and Taxes Rs. 3,000
- (6) Provide 5% reserve for bad debts on debtors.
- (7) Prepaid rent amounted to Rs. 4,000.
- (8) The stock of finished goods on 31-3-2015 was Rs. 1,90,800.
- (9) Provision for Dividend Distribution Tax is to be made at 20% on proposed dividend.

- 4 Two years balance sheets of ABC Company Ltd. are as follows : 15

Liabilities	31-3-2012	Assets	31-3-2012
Equity share of Rs. 100	1,50,000	Land and building	90,000
10% Preference share	50,000	Machinery	90,000
General reserve	30,000	Debtors	30,000
Profit & Loss A/c	-	Bills receivable	12,000
12% Debenture	1,50,000	Stock	90,000
Creditors	35,000	Bank balance	35,000
Bills payable	25,000	Cash balance	13,000
Bank overdraft	20,000	Profit & Loss A/c	10,000
Outstanding exp.	10,000		
	3,70,000		3,70,000

Additional Information :

	2011-12
(1) Sales	2,19,000
(2) Cost of goods sold	1,46,000
(3) Net profit (before pref dividend)	47,500
(4) Stock on 1-4-2011	80,000

Calculate following ratio :

- (1) Current ratio
- (2) Liquid ratio
- (3) Debtors ratio (take 365 days)
- (4) Gross profit ratio
- (5) Stock turnover ratio
- (6) Rate of return on equity share holders fund
- (7) Earning per share

OR

- 4 Give the definition of financial statement. Also discuss the merits and demerits of financial statement. 15