



Seat No. _____

HAP-19BBA307
B. B. A. (Sem. III) Examination
June - 2023
Corporate Accounting & Practices
(New Course)

Time : $2\frac{1}{2}$ Hours / Total Marks : 70

- Instructions :** (1) All the questions are compulsory.
(2) Show all the working notes as a part of the answer.

1 The Balance Sheet of Nishit Ltd. and Bhavya Ltd. as on 31-3-2022 20 are given below:

Liabilities	Nishit Ltd.	Bhavya Ltd.	Assets	Nishit Ltd.	Bhavya Ltd.
Equity shares of Rs.10 each	3,00,000	2,50,000	Machineries	3,50,000	4,00,000
11% preference shares of Rs 10 each	—	1,50,000	Stock	1,00,000	30,000
12% Debentures	50,000	1,00,000	Debtors	1,25,000	70,000
Reserves	1,20,000	—	Cash - Bank	25,000	50,000
P&L A/c.	1,00,000	—			
Creditors	30,000	50,000			
	6,00,000	5,50,000		6,00,000	5,50,000

On the above date, both the companies amalgamated and formed a new company “Navneet Ltd” on the following terms.

For Nishit Ltd.

- (1) 6 Equity shares of new company will be given for every 5 shares of Rs. 10 face value.
- (2) Debenture holders will be given 12% debentures of new company with same amount and same number of debentures.

For Bhavya Ltd.

- (1) Four 13% preference of new company will be given for every five shares of the company.
- (2) 6 equity shares of new company will be given for every 5 equity shares of Rs.10 face value.
- (3) Debenture holders will be given 12% debentures of new company with same amount and same number of debentures.

From above information, prepare necessary ledger accounts in the books of Nishit Ltd. and Bhavya Ltd.

OR

The following are the balance sheets of Mrugesh Ltd. and Kaushal Ltd. as on 31-3-2022.

Liabilities	Mrugesh Ltd.	Kaushal Ltd.	Assets	Mrugesh Ltd.	Kaushal Ltd.
Equity shares of Rs. 100 each	10,00,000	5,00,000	Goodwill	1,00,000	-
6% preference shares of Rs. 100 each	5,00,000	—	Building	3,00,000	1,00,000
General Reserve	—	1,20,000	Machineries	6,00,000	3,00,000
10% Debentures	2,00,000	—	Invest ments	1,00,000	20,000
Bank Loan	1,50,000	—	Stock	2,50,000	1,50,000
Capital Res.	—	80,000	Debtors	3,00,000	2,00,000
Creditors	1,50,000	1,00,000	Cash	1,70,000	30,000
			P&L A/c.	1,50,000	—
			Preliminary Expenses	30,000	—
	20,00,000	8,00,000		20,00,000	8,00,000

On the above date, both the companies agreed to amalgamate and form a new company - Marshal Ltd.

All the assets and liabilities of both the companies are to be taken over except investments of Mrugesh Ltd. and cash balance of Rs. 10,000 of Kaushal Ltd. other terms and conditions are as under:

- (1) Fixed assets of both the companies are to be valued 20% higher than book value.
- (2) Equity shareholders of both the companies will be given 6 fully paid equity shares at 10% premium of new company for every 5 equity shares.
- (3) Preference shareholders of Mrugesh Ltd. will be given 4 fully paid preference shares of new company for every 5 preference shares held by them and cash Rs. 50,000.
- (4) The debenture holders of Mrugesh Ltd. will be given 12% debentures of new company each of Rs. 100 at 10% discount to discharge their liability at 8% premium.
- (5) Mrugesh Ltd. will be given cash of Rs. 14,000.
- (6) New company issues remaining equity shares at Rs. 20 premium per share to the public which were fully paid up.
- (7) Preliminary expenses were amounted Rs. 10,000.

Pass necessary journal entries in the books of the new company and prepare new balance sheet of Marshal Ltd. after amalgamation.

2 The balance sheets of Ganga Ltd. and Yamuna Ltd. as on 31-3-2022 are given below: 20

Liabilities	Ganga Ltd.	Yamuna Ltd.	Assets	Ganga Ltd.	Yamuna Ltd.
Equity share capital of Rs. 50 fully paid	3,00,000	1,80,000	Goodwill	50,000	30,000
Share Premium	50,000	40,000	Building	1,50,000	90,000
Capital Reserve	1,00,000	20,000	Plant	3,00,000	80,000
P&L A/c.	40,000	10,000	Investments	50,000	40,000
8% Deb.	1,00,000	80,000	Furniture	—	50,000
Creditors	50,000	40,000	Stock	50,000	30,000
Bills Payable	15,000	20,000	Bank Bal.	30,000	25,000
Unpaid expenses	25,000	-	Bills Receivable	25,000	15,000
			Debtors	25,000	30,000
	6,80,000	3,90,000		6,80,000	3,90,000

On 1-4-2022, Yamuna Ltd. absorbed into Ganga Ltd. as per following conditions.

- (1) All the assets (except bank) and all the liabilities of Yamuna Ltd. are to be taken over.
- (2) Assets and Liabilities of Yamuna Ltd. are valued as under:
Building Rs. 81,000, Plant Rs. 80,000, Investments Rs. 35,000, Furniture Rs. 60,000, Stock Rs. 25,000, Bills Receivable Rs. 15,000, Debtors Rs. 27,000, Creditors Rs. 43,000 and Bills Payable Rs. 18,000
- (3) The debenture holder of Yamuna Ltd. were to be allotted such debentures of Ganga Ltd. bearing 10% interest so that they get 25% premium.
- (4) Equity shareholders of Yamuna Ltd. will be given 3 equity shares of Ganga Ltd. for every 5 shares held by them and will be paid Rs. 25 in cash for each share held by them.
- (5) The liquidation expenses of Yamuna Ltd. Rs. 5,000 is to be borne by Ganga Ltd.
- (6) Ganga Ltd. made a public issue of 2,000 shares at 10% premium which was fully paid up.

Give necessary calculations for above and prepare the Balance Sheet of Ganga Ltd. after absorption.

OR

Following is the Balance Sheet of Shyam Ltd. as on 31-3-2022.

Liabilities	Rs.	Assets	Rs.
6,000 equity shares each of Rs. 100	6,00,000	Goodwill	3,00,000
10%, 30,000 cumulative preference share each of Rs. 10 fully paid	3,00,000	Land and Bldg.	2,70,000
Gen. Reserve	1,50,000	Machinery	4,50,000
P & L A/c.	90,000	Debtors	1,56,000
6% debentures	2,40,000	Less: BDR	6,000
Creditors	1,00,000	Stock	1,50,000
Bills Payable	20,000	Bills receivable	30,000
		Bank	1,35,000
		Preliminary Exp.	15,000
	15,00,000		15,00,000

As on 1-4-2022, a new company Kavya Ltd. was formed by dissolving this company under the following scheme of reconstruction.

- (1) New company will take over all the assets except bills receivable and bank balance of old company.
- (2) Kavya Ltd. will issue 4 equity shares of Rs. 100 each fully paid to Shyam Ltd. to every 5 equity shares held by them.
- (3) Kavya Ltd. will issue 1 equity share of Rs. 100 each fully paid to Shyam Ltd. for every 8 preference shares held by them.
- (4) Kavya Ltd. will issue 7% new debentures to the debenture holders of Shyam Ltd. in such a way that they receive 5% premium.
- (5) Bills receivable of Shyam Ltd. realized Rs. 24,000
- (6) Dissolution expenses of Rs. 9,000 will be borne by Kavya Ltd. and paid by Shyam Ltd.

From the above information, prepare the following accounts in the books of Shyam Ltd.

- (1) Realization A/c.
- (2) Reconstruction A/c.
- (3) Equity shareholders A/c.
- (4) 10% Preference Shareholders A/c.
- (5) Bank A/c.

3 The following is the trial balance of Veronica Ltd. as on 31-3-2022.

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Debit Balance	Rs.	Credit Balance	Rs.
Calls in arrears	20,000	Equity share capital	4,00,000
Interest on debentures	5,000	9% pref. share capital	2,00,000
Opening Stock	1,00,000	10% debentures	1,00,000
Purchases	3,10,000	Sales	8,02,000
Land and Bldg.	4,00,000	Int.on investments	23,000
Machinery	2,80,000	Creditors	2,00,000
Furniture	80,000	Share Premium	30,000
Investments	3,81,000	Share Forfeiture a/c.	11,000
Loose tools	3,81,000	Capital Reserve	2,00,000
Debtors	1,60,000	Provident Fund	30,000
Preliminary expenses	20,000	Profit and Loss	
Productive Wages	91,000	A/c. (1-4-2021)	16,000
Salary	1,40,000	Public Deposit	36,000
Rent and Taxes	44,000	Bad Debts Res.	4,000
Postage	35,000	Debenture	
Incometax	80,000	redemption fund	40,000
Cash and Bank	30,000	General Reserve	1,20,000
	22,13,000		22,13,000

Prepare final accounts of the company as per Schedule III of the Companies Act 2013

Other Information :

- (1) Closing Stock Rs. 1,70,000
- (2) Prepaid rent Rs. 3,000
- (3) Depreciation on Machinery at 10%, on furniture at 4% and on land and building at 5%.
- (4) Bad debts reserve on debtors at 4%
- (5) Transfer Rs. 60,000 to general reserve
- (6) The directors have recommended 9% dividend on preference share capital and 10% dividend on equity share capital.

OR

Draft the specimen of Vertical Balance Sheet along with related notes.

- 4 The information given below is taken from the financial records of two companies. 15

Particulars	Ravi Ltd.	Kavi Ltd.
Total Sales (20% cash sales)	3,20,000	3,20,000
Cost of goods sold	2,24,000	2,08,000
Net profit after 50% tax	16,000	25,600
Equity share capital	1,00,000	80,000
Retained earnings	24,800	66,200
15% Debentures	80,000	66,500
Creditors	35,000	50,000
Bank O.D.	9,000	20,000
Fixed Asses	1,60,000	1,55,000
Stock	32,000	80,000
Debtors	40,000	36,000
Cash	16,000	10,000
Preliminary expenses	800	1,200

Calculate the following ratios:

- (1) Debtors ratio (360 days)
- (2) Current ratio
- (3) Operting ratio
- (4) Return on shareholders' funds
- (5) Return on Capital employed

OR

Give the meaning of Financial Statements. Also discuss the objectives and limitations of financial statements.