

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA Winter 2021 - 22 Examination

Semester: 3
Subject Code: 06101205
Subject Name: Company Account

Date: 30/09/2021
Time: 02:00 pm to 04:30 pm
Total Marks: 60

Instructions

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as Directed.**A). Multiple choice type questions/Fill in the blanks. (Each of 1 mark)****(05)**

1. A new company cannot issue shares at _____.
A. Premium
B. Discount
C. Par
D. None of These
2. Share application account is in the nature of ____ account.
A. Personal
B. Real
C. Nominal
D. None of These
3. Capital Reserve will appear on the liability side of the balance sheet under the head ____.
A. Reserve & Surpluses
B. Secured Loan
C. Unsecured Loan
D. Current Liabilities Loan
4. Dividend is payable on the ____ of the Share
A. Called up Value
B. Paid up Value
C. Calls in Advance
D. Forfeited Shares
5. When 500 Shares of Rs. 10 each on which Rs. 3 on final Call is not paid, share forfeited account is credited with ____
A. Rs. 1,500
B. Rs. 3,500
C. Rs. 5,000
D. Rs. 2,000

B). Define the following. (Each of 1 mark)**(05)**

1. Book Keeping
2. Stock Splits
3. Interim Dividend
4. Amalgamation
5. Full Form of NAMEA

C). Direct questions. (Each of 1 mark)**(05)**

1. Why bonus share enhance prestige of the company?
2. What is the need of HR Account?
3. What are the two methods to issued bonus shares?
4. What do you mean by Inflation Accounting?
5. Give the definition of Forensic Accounting.

Q.2 Answer the following questions.

- A). What do you mean by ESOP and write various SEBI guidelines for ESOP.**

(07)

- B). Prepare Final Accounts of ABC Ltd, using Vertical Form for the year ending 31st March, 2019. The Authorized Capital of ABC Ltd. is Rs. 12, 00,000. The following is the Trial Balance as on 31st March, 2019 (08)

| Debit | Rs. | Credit | Rs. |
|----------------------------------|------------------|-----------------------------|------------------|
| Call-in Arrears | 20,000 | Paid up capital : | |
| Cash & Bank Balance | 21,600 | Equity shares | 4,00,000 |
| Debenture Red. Fund Investment & | 40,000 | 7.5% cum. Preference Shares | 2,00,000 |
| Directors Fees | 7,000 | 5% Mortgage Loan | 1,00,000 |
| Furniture | 64,000 | Share Premium | 33,000 |
| Income tax | 56,000 | Capital Reserve | 1,10,000 |
| Investment | 3,31,400 | Share Forfeiture Account | 9,000 |
| Land & Building | 3,40,000 | General Reserve | 1,80,000 |
| Loose Tools | 24,000 | Profit & Loss A/c. | 11,000 |
| Opening Stock | 66,600 | Income from Investments | 19,000 |
| P.F. Contribution | 5,000 | Reserve for Bad Debts | 6,000 |
| Plant & Machinery | 2,30,000 | Provident Fund | 26,000 |
| Post & Telegram | 13,000 | Public Deposit | 29,200 |
| Preliminary Exp. | 12,000 | Creditors | 66,000 |
| Purchase & Sales | 2,13,000 | Sales | 5,20,000 |
| Rent, Rate & Taxes | 40,000 | Deb. Red.Fund | 40,000 |
| Salaries | 1,14,000 | Bank Loan | 50,800 |
| Trade Debtors | 1,32,000 | | |
| Wages | 70,400 | | |
| | 18,00,000 | | 18,00,000 |

Additional Information :

1. Outstanding Expenses: Productive Wages Rs. 5,000; Salaries Rs. 6,000 and Rates and Taxes Rs. 3,000. And Prepaid Rent is Rs. 4,000.
2. Provide 5% Reserve for Bad Debts on Debtors.
3. Provide Depreciation: Plant & Machinery at 2%, Furniture at 5% and Land & Building at 4%.
4. The directors propose to pay 7.5% dividend on Pref. shares and 10% dividend on equity shares.
5. The value of stock on 31st March 2006 was Rs. 190,800.
6. Transfer Rs. 50,000 to General Reserve.

Q.3 Answer the following questions.

- A). What do you mean by Environmental accounting? Explain Environmental Accounting in India. (07)

- B). Ram Ltd. and Shyam Ltd. were amalgamated on and from 1-4-19, for this purpose A Ltd. absorbed B. Ltd. The following are the balance sheets on this date : (08)

| Liabilities | A (Rs.) | B (Rs.) | Assets | A (Rs.) | B (Rs.) |
|---|-----------|-----------|----------------|-----------|-----------|
| Share Capital : | | | Fixed Assets | 24,28,800 | 13,82,400 |
| Equity shares of Rs. 10 each | 19,20,000 | 11,52,000 | Current Assets | 11,04,000 | 9,60,000 |
| 12% preference share of Rs. 100 each full paid up | 8,44,800 | 6,52,800 | Investments | 2,68,800 | 1,92,000 |
| General Reserve | 1,92,000 | 96,000 | | | |
| Export profit reserve | 1,15,200 | 76,800 | | | |
| Investment allowance reserve | | 38,400 | | | |
| Profit & Loss A/c | 2,88,000 | 1,92,000 | | | |
| 14% Debentures of Rs. 100 each | 1,92,000 | 1,34,400 | | | |
| Creditors | 1,72,800 | 1,34,400 | | | |
| Bills Payable | 76,800 | 57,600 | | | |
| | 38,01,600 | 25,34,400 | | 38,01,600 | 25,34,400 |

A Ltd. discharged the purchase price as under :

- (1) 134400 equity shares of Rs. 11 each fully paid were issued to equity shares of B Ltd.
- (2) 14% 7,181 preference shares of Rs. 100 were issued to preference shareholders of B Ltd.
- (3) 15% Debentures were issued to debentures holders of B Ltd., so that they get a premium of 10%.
- (4) Statutory reserve of B Ltd. are to be maintained for 2 more years.

Prepare the Balance Sheet after amalgamation in following cases : When amalgamation is in the nature of purchase.

Q.4 Attempt any two questions. (Each of 7.5 mark) (15)

A) Write a brief note on Bonus Share.

B) The Balance Sheet of Adarsh Ltd. on 31-3-2019 was as follows :

| Liabilities | Rs. | Assets | Rs. |
|--|------------------|----------------|------------------|
| 2,00,000 equity shares of Rs. 10 each fully paid | 5,00,000 | Fixed Assets | 3,75,000 |
| Share Premium | 1,25,000 | Current Assets | 6,75,000 |
| General Reserve | 2,50,000 | | |
| Profit & Loss A/c. | 50,000 | | |
| Sundry Creditors | 1,25,000 | | |
| | 10,50,000 | | 10,50,000 |

The company wants to buy-back its 15,000 shares. For this purpose it issues 10% 5,000 redeemable preference shares of Rs. 10 each which are fully subscribed and paid up. The company buys-back the shares at Rs. 14 per share.

Give Journal Entries to the buy-back of share

C) Give the proforma of Balance Sheet and Profit & Loss Account (with schedules) using imaginary figures under vertical form

D) The Balance Sheet of Aniket Ltd. on 31-3-2019 was as follows :

| Liabilities | Rs. | Assets | Rs. |
|--|----------|----------------|----------|
| 40,000 equity shares of Rs. 10 each fully paid | 4,00,000 | Fixed Assets | 3,00,000 |
| Share Premium | 1,00,000 | Current Assets | 5,40,000 |
| General Reserve | 2,00,000 | | |
| Profit & Loss A/c | 40,000 | | |
| Sundry Creditors | 1,00,000 | | |
| | 8,40,000 | | 8,40,000 |

The company wants to buy-back its 12,000 shares. For this purpose it issues 10% 4,000 redeemable preference shares of Rs. 10 each which are fully subscribed and paid up. The company buys-back the shares at Rs. 14 per share.

Give Journal Entries to give effect to the above after the buy-back.