

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA Winter 2022-23 Examination

Semester: 3**Subject Code: 06101205****Subject Name: Company account****Date: 01/10/2022****Time: 10:30 AM to 1:00 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 company can buy
 - a) Equity shares
 - b) Preference Shares
 - c) Both (a) and (b)
 - d) None of the above
2. Calls in arrears is deducted from
 - a) Fixed assets
 - b) Investments
 - c) Share capital
 - d) None of the above
3. Capital Reserve = Net Assets – _____.
 - a) Net Liability
 - b) Consideration
 - c) Purchase consideration
 - d) Realization
4. The objective of forensic accounting is _____.
 - a) Detect Fraud
 - b) Examine Fraud
 - c) Examine Authenticity of Account
 - d) All of the Above
5. The Format of statement of Profit and Loss and Balance Sheet is prescribed by Schedule _____ of the Companies Act 1956.
 - a) III
 - b) IV
 - c) V
 - d) VI

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

1. Environmental accounting
2. Reserves
3. Purchase consideration
4. Amalgamation
5. Employee

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

1. What is subdivision and consolidation of shares?
2. Define Foreign Accounting
3. What are the contingent liabilities?
4. How Goodwill is derived during Merger and Amalgamation? Where does it Recorded?
5. What is Employee Stock Option Plan?

Q.2 Attempt the following question

- A). Discuss the functions of Forensic Accountant. (07)
- B). The Balance Sheet of ABC Limited as at 31-3-2017 was as under (08)

Liabilities	Rs.	Assets	Rs.
Share Capital :		Building	4,00,000
Authorised	12,00,000	Stock	4,80,000
Issued : 80,000 shares of Rs. 10 each	8,00,000	Debtors	4,00,000
Profit & Loss Account	4,80,000	Bank Balance	8,00,000
5% Debentures	5,20,000		
Creditors	2,80,000		
	20,80,000		20,80,000

At the Annual General Meeting, it was agreed :

- (1) To pay a dividend 10% on paid up capital.
- (2) To issue one bonus share for every four old shares held.
- (3) To repay the debentures at a premium of 10%.

Pass necessary Journal Entries and prepare the Balance Sheet after above transactions are completed.

Q.3 Attempt the following question

(15)

The following is the Trial Balance of Trilok Ltd, as on 31st March, 2017

Particulars	Debit Rs.	Credit Rs.
Equity Share Capital (Rs. 100)		3,00,000
General Reserve		1,30,000
Debenture Redemption Fund		50,000
Security Premium		65,000
Debenture Redemption Fund Investment	50,000	
Profit and Loss A/c (01-04-2016)		75,000
10% Debentures (Repayable on 31-03-2018)		1,00,000
Unclaimed Dividend		10,000
Debenture Discount	10,000	
Land and Building	1,50,000	
Plant and Machinery	3,00,000	
Furniture	50,000	
Stock (01-04-2016)	80,000	
10% Govt. Loan (Rs.1,00,000) (Purchased on 01-10-2016)	95,000	
Equity shares of T. Ltd. of Rs. 100 each, Rs. 50 paid up	50,000	
Debtors and Creditors	1,00,000	90,000
Cash and bank	9,000	39,000
Purchases and sales	37,87,500	41,00,000
Interest on Debentures	7,500	
Other Administrative expenses	75,000	
Sales and Distribution expenses	20,000	
Advance Income-Tax	1,25,000	
Salary and unpaid salary	60,000	5,000
Interest on D.R.F. Investment		5,000
Total	49,69,000	49,69,000

After considering the following additional information, prepare vertical final accounts of the company for the year ended 31st March, 2017 according to the provision of the Companies Act, 1956.

1. The closing stock is Rs. 5,00,000 valued at cost market value is 4,90,000.
2. Provide depreciation @ 10% on Building and Furniture and @ 20% on Machinery.
3. Provision for Income - Tax is to be made @ 43% of the net profit of the year.
4. Interest on debentures is payable every year on 30th June and 31st December.
5. The Board has proposed the following appropriations: (i) General Reserve Rs. 1,00,000 (ii) Debenture Redemption Fund Rs. 25,000 (iii) Dividend on Equity Share capital Rs. 20 per Share

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

(15)

1. What is "Human Resource Accounting."? Explain Methods of Valuation of Human Resources.
2. Explain the SEBI guidelines of Buy back of shares.
3. Explain the Accounting treatment for Amalgamation in the Nature of purchase in the Books of Transferee Company.
4. The following were the Balance Sheets of A Ltd. and B Ltd. as on 31-3-2017

Liabilities	A Ltd. Rs.	B Ltd. Rs.	Assets	A Ltd. Rs.	B Ltd. Rs.
Paid up Capital :			Goodwill	3,00,000	–
Equity Shares of Rs. 100 each fully paid	30,00,000	15,00,000	Land & Building	9,00,000	3,00,000
6% Preference Shares of Rs. 100 each fully paid	15,00,000	-	Plant & Machinery	18,00,000	9,00,000
General Reserve	–	3,60,000	Investments	3,00,000	60,000
Bank Loan	4,50,000	–	Stock	7,50,000	4,50,000
10% Debentures	6,00,000	–	Debtors	9,00,000	6,00,000
Workers' Accident Compensation Fund	–	2,40,000	Cash & Bank	5,10,000	90,000
Creditors	4,50,000	3,00,000	Preliminary expenses	90,000	–
			Profit & Loss A/c.	4,50,000	
	60,00,000	24,00,000		60,00,000	24,00,000

On the above date both the companies decided to amalgamate and form a new company C Ltd. with an authorized capital of Rs. 75,00,000 divided into 60,000 equity shares and 15,000 10% Preference Shares of Rs. 100 each. Assets and liabilities of both the companies are to be taken over except investments of A Ltd.. and cash balance of Rs. 30,000 of B Ltd..

The market value of fixed assets of both the companies to be taken at 20% more than the book value.

Payment terms are as under :

- (1) Equity shareholders of both the companies will be given 6 fully paid equity shares of C Ltd. for every 5 equity shares held by them at a premium of 10%.
- (2) The preference shareholders of A Ltd. will be given 4 fully paid preference shares of C Ltd. for every 5 preference shares are held by them and Rs. 1,50,000 cash.
- (3) The Debenture holders of A Ltd. will be given 12% Debentures of Rs. 100 each Moon Light Ltd. at a discount of 10% to discharge their liability at 8% premium.
- (4) Rs. 42,000 cash to Moon Ltd.

Calculate Net assets and Purchase consideration for C Ltd.