

Roll No. ....

**BBA-305(N)****B. B. A. (Third Semester)  
EXAMINATION, Dec., 2019**

(New Course)

Paper Fifth

**COMPANY ACCOUNTS**

Time : Three Hours ]

[ Maximum Marks : 70

**Note :** Attempt questions from all Sections as directed.**Inst. :** The candidates are required to answer only in serial order. If there are many parts of a question, answer them in continuation.**Section—A****(Short Answer Type Questions)****Note :** Answer all questions. Each question carries 3 marks.

1. (A) What is pro rata allotment of shares ?
- (B) Distinguish between under-subscription and over-subscription.
- (C) Give the legal provision for the redemption of preference shares.
- (D) What do you mean by Contingent Liability ?
- (E) Differentiate between Divisible Profit and Net Profit.

(C-69) P. T. O.

**[ 2 ]****BBA-305(N)**

- (F) Give the pro forma of statement of affairs at the time of a liquidating company.
- (G) Distinguish between external reconstruction and internal reconstruction.
- (H) A Ltd. forfeited 50 shares of ₹ 100 each issued at 10% premium (to be paid at the time of allotment) on which shares first call of ₹ 30 was not received, the final call of ₹ 20 per share is not yet called. 20 of these shares were subsequently reissued at ₹ 70 per share at ₹ 80 paid up. Pass journal entries.
- (I) If company is a holding company and S company is subsidiary company. The goods costing ₹ 20,000 is included in the stock of S company which has been purchased from H company. H company sold the goods at a profit of 10% on selling price. Calculate unrealised profit and give treatment.
- (J) A liquidator of a company is entitled to a remuneration on 3% on assets realized and 2% on amount distributed to unsecured creditor other than preference creditors. The assets released 200,000 (cost price ₹ 2,25,000) :

	₹
Legal Expenses	10,000
Debenture	1,20,000
Preference Creditor	50,000
Unsecured Creditor	1,70,000

**Calculate amount of remuneration.**

(C-69)

## Section—B

## (Long Answer Type Questions)

**Note :** Attempt any two questions. Each question carries 10 marks.

2. Describe the various methods of redemption of debentures and journal entries in detail with suitable illustration.
3. What do you mean by Amalgamation? Explain the various methods of amalgamation. Pass the journal entries in the books of both parties.
4. Prateek Ltd. issued 10000 equity shares of ₹ 10 each at a premium of ₹ 5 per share payable as follows :

On Applications ₹ 3

On Allotment ₹ 6

₹ 3 on first call and balance on final call.

Applications were received of 18000 shares, 3000 shares were refunded, Golu failed to pay the allotment and 1st call money for the 40 shares allotted to him and these shares were forfeited after 1st call. Jay failed to pay both calls in respect of 120 shares allotted to him and these shares were forfeited after 2nd call. After forfeiture these shares were reissued to Gaurav at 11 per share. Pass the journal entries.

5. On the reconstruction of a company, the following terms were agreed upon :

- (a) The shareholders to receive in lieu of their holding viz. 50000 shares of ₹ 10 each, the following :
  - (i) Fully paid ordinary shares equal to 2/5th of their following.
  - (ii) 5% preference shares fully paid, to the extent of 1/5th of the above new ordinary shares.
  - (iii) 60000, 6% second debentures.
- (b) An issue of ₹ 50,000; 5% first debentures was made and allotted, payment for the same having been received in cash.
- (c) The goodwill, which stood at ₹ 3,00,000 was written down to ₹ 1,50,000.
- (d) The plant and machinery which stood at ₹ 1,00,000 was written down to ₹ 75,000.
- (e) Freehold premises which stood at ₹ 1,50,000 were written down to ₹ 1,25,000.

Pass the journal entries in the books of company.

## Section—C

## (Long Answer Type Questions)

**Note :** Attempt any two questions. Each question carries 10 marks.

6. Bansi Limited with paid up share capital of ₹ 1,00,000 divided into a 10000 equity shares of ₹ 10 each, went

into voluntary liquidation on 31st March, 2019.  
Liquidator realized the assets as follows :

	₹
Land and Building	50,000
Plant and Machinery	40,000
Furniture	10,000
Stock	15,000
Debtors	5,000
Its liabilities were as under :	
Secured Creditors—Secured on land and buildings	20,000
8% debentures	25,000
Preferential Creditors	8,000
Unsecured Creditors	28,000

Liquidators remuneration was agreed at 3% on assets realized and 2% on the amount distributed among unsecured creditors. Expenses of liquidation amounted ₹ 1,580 and the debentures were repaid on 30th September, 2019.

Prepare the Liquidator's Final Statement of Account.

7. H Ltd. acquired 12000 shares ₹ 10 each in S Ltd. On 1st April, 2015 at a cost of ₹ 1,70,000. The Balance Sheet of two companies as at 31st March, 2016 were as ahead :

**Balance Sheet**  
(as at 31st March, 2016)

	H Ltd. (₹)	S Ltd. (₹)
<b>Equity and liabilities :</b>		
Share capital (₹ 10 each)	10,00,000	2,00,000
<b>Reserves and Surplus :</b>		
General Reserves (1-4-2015)	4,20,000	1,00,000
Statement of P & L (1-4-2015)	90,000	40,000
Profit of the year (31-3-2016)	1,70,000	45,000
<b>Current Liabilities :</b>		
Sundry Creditors	2,40,000	92,000
Bills Payable	80,000	60,000
<b>Total</b>	<b>20,00,000</b>	<b>5,37,000</b>
<b>Assets :</b>		
<b>Non-Current Assets :</b>		
Land and Building	4,00,000	1,00,000
Plant and Machinery	5,00,000	1,00,000
Investment	2,00,000	—
Goodwill	3,00,000	70,000
<b>Current Assets :</b>		
Stock	2,00,000	40,500
Debtors	3,00,000	1,34,500
Bills Receivable	20,000	30,000
Cash	20,000	12,000
Bank	60,000	50,000
<b>Total</b>	<b>20,00,000</b>	<b>5,37,000</b>

Out of the debtors and Bill Receivable H Ltd. ₹ 50,000 and ₹ 16,000 respectively represented those due from S Ltd. The stock in the hands of S Ltd. Includes goods purchased from H Ltd. at ₹ 20,000 which includes profit charged by the latter company at 25% on cost. Prepare Consolidated Balance Sheet.

8. Mention the various provisions of Companies Act for preparation of statement of Profit & Loss Account and Balance Sheet.
9. What is Debentures ? Explain briefly the different kinds of debentures. Give *five* points of differences between shares and debentures.

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