

RP-73014 Seat No. _____
Second Year B. B. A. Examination
April / May – 2003
Company Accounts

Time : **3** Hours]

[Total Marks : **70**

1 HP Ltd. issued 3,000 equity shares of Rs. 100 each **14**
payble as under :

On application	Rs. 50 per share
On allotment	Rs. 30 (including Rs. 5 premium)
On first and final call	Rs. 25 per share

Applications were recieved for 50,000 shares. It was decided to allot shares as follows :

- (a) Applications for 7,000 were rejected.
- (b) Full allotment was made to applicants of 4,000 shares.
- (c) The balance was allotted pro-rata to the remaining applicants.
- (d) The excess application money was to be credited to allotment money.

One applicant who was allotted shares pro-rata failed to pay call money and his 200 shares were forfeited. These shares were re-issued at Rs. 90 per share. Make journal entries to record above transactions.

OR

- 1 The following is the Balance Sheet of *Bharat Ltd.* as on 14 31st March 2002 :

	<i>Rs.</i>		<i>Rs.</i>
20,000 equity shares of Rs.100 each	20,00,000	Fixed assets	24,00,000
10% redeemable 10,000 preference shares of Rs. 100 each, Rs.80 paid up	8,00,000	Current assets (including Bank Rs. 6,00,000)	16,00,000
General Reserve	4,00,000		
Profit and loss account	2,40,000		
Share premium	60,000		
Creditors	5,00,000		
	40,00,000		40,00,000

The company decided to redeem its' preference share capital at 10% premium and for the prupose issued necessary 8% preference shares of Rs. 100 each after keeping a balance of Rs. 2,00,000 in profit and loss account. After redemption the company decided to give one bonus share for every five shares.

Pass necessary entries and prepare Balance-sheet.

- 2 The following are the summarized balance-sheets of 14 Bhavnagar Traders as on 31-3-2001 and 31-3-2002 :

<i>Liabilities</i>	<i>31-3-2001</i> <i>Rs.</i>	<i>31-3-2002</i> <i>Rs.</i>	<i>Assets</i>	<i>31-3-2001</i> <i>Rs.</i>	<i>31-3-2002</i> <i>Rs.</i>
Share capital	4,00,000	5,00,000	Land and Building	5,00,000	3,80,000
General reserve	1,00,000	1,20,000	Machinery	2,00,000	2,48,000
Profit and loss a/c	61,000	61,200	Stock	2,00,000	2,48,000
Bank loan	1,40,000	—	Debtors	1,60,000	1,28,400
Creditors	3,00,000	2,70,400	Cash	1,000	1,200
Bills payable	60,000	70,000	Bank	—	16,000
	10,61,000	10,21,600		10,61,000	10,21,600

Additional information is as under :

- (1) Dividend paid during the year Rs. 1,12,000.
- (2) Machinery purchased during the year Rs. 76,000.
- (3) Net profit for 2001-2002 was 1,32,200 which was arrived at after charging Rs. 48,000 depreciation on fixed assets.
- (4) A building was sold during the year Rs. 1,00,000.

Prepare a statement of sources and Application of funds and statement of working capital changes.

OR

- 2** (a) On 1-1-91 Saurashtra Ltd. 10,000 12% debentures of **14** Rs. 100 each at par but redeemable at Rs. 110 on 1-1-2001. Pass journal entries for issue and redemption of debentures.
(b) Strong Finance Ltd. issued 2000 10% debentures at Rs. 100 each at a discount of 5% redeemable at a premium of 10% after 10 years. Give journal entries for issue and redemption of debentures.

- 3** From the following statements of Gujarat Ltd. for the year **14** ending 31st March 2002, you are required to calculate the following ratios and comment on it :
 - (1) current ratio
 - (2) liquid ratio
 - (3) operating ratio
 - (4) stock turn-over ratio
 - (5) Debtor's ratio.

Assume 360 days in a year.

Balance-sheet as on 31-3-2001

Liabilities	Rs.	Assets	Rs.
share capital 5,00,000		Land and Building	5,00,000
equity shares of		Plant and Machinery	2,00,000
Re. 1 each	5,00,000	Stock	1,50,000
General Reserve	4,00,000	Debtors	2,50,000
Profit and loss		Cash	1,50,000
account	1,50,000		
Creditors	2,00,000		
	12,50,000		12,50,000

Profit and loss account for the year ending 31-3-2001

	Rs.		Rs.
To opening stock	2,50,000	By sales	18,00,000
To purchases	10,50,000	By Closing stock	1,50,000
To Gross profit	6,50,000		
	19,50,000		19,50,000
To Advt. expenses	2,30,000	By gross profit	6,50,000
To selling expenses	1,00,000	By profit on sale	
To finance expenses	20,000	of fixed assets	50,000
To net profit	3,50,000		
	7,00,000		7,00,000

OR

- 3** (a) From the following information, you are asked to calculate the value of Goodwill of a firm assuming that Goodwill is to be taken at 5 years purchase of super profits : **14**

	Rs.
(1) The annual average profit.....	2,00,000
(2) Average capital employed in the business.....	10,00,000
(3) Rate of return expected.....	10%
(4) Fair remuneration to partners for their services.....	50,000

- (b) From the following information ascertain the value of equity shares under net assets method :

Balance sheet

Liabilities	Rs.	Assets	Rs.
Share capital		Goodwill	1,00,000
10,000 10% preference shares of Rs.100 each	10,00,000	Sundry assets	38,00,000
10,000 equity shares of Rs. 100 each	10,00,000	Preliminary expenses	1,00,000
Creditors	20,00,000		
	40,00,000		40,00,000

Sundry assets including goodwill were valued at Rs. 51,00,000. There was an unrecorded liability of Rs. 1,00,000.

- 4 The following balances were recorded in the books of Gujarat Ltd :

Particulars	Debit Rs.	Particulars	Credit Rs.
Calls in arrears	20,000	Equity share capital	4,00,000
Interest on debentures	5,000	9% preference share capital	2,00,000
Opening stock	1,00,000	10% debentures	1,00,000
Purchases	3,11,000	Sales	8,03,000
Land and Building	4,00,000	Income from 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	36,000	Capital Reserve	2,00,000
Debtors	1,60,000	Provident fund	30,000
Preliminary expenses	20,000	Profit and loss a/c	16,000
Productive wages	91,000	Public deposit	36,000
Salaries	1,40,000	Reserve for bad-debts	4,000
Rent and taxes	44,000	Debenture redemption fund	40,000
Postage and Telegrams	35,000	General Reserve	1,20,000
Income tax	80,000		
Cash and Bank balance	30,000		
	22,13,000		22,13,000

Taking into account the following information, prepare final accounts as at 31st March, 2002 :

- (1) Closing stock Rs. 1,70,000.
- (2) Prepaid Rent amounted to Rs. 3,000.
- (3) Depreciate Machinery @ 10% furniture @ 4% and land and building @ 5%.
- (4) Create 4% reserve for bad debts.
- (5) Transfer Rs. 60,000 to General Reserve.
- (6) The Directors have recommended 9% dividend on pref. share capital and 10% on equity share capital.

OR

- 4** Re-arrange the following Balance sheet into vertical form **14** of Balance-sheet :

<i>Liabilities</i>	<i>Amt.</i>	<i>Assets</i>	<i>Amt.</i>
Forfeiture of shares	4,800	Furniture	24,000
Provident fund	6,000	Machinery	1,56,000
General Reserve fund	60,000	Loan	2,400
Super Annuation fund	3,000	Deposits	4,200
Income tax reserve	6,000	Stores	15,000
Creditors	52,200	Cash balance	7,200
Bank of India (H.P A/c)	6,000	Prepaid expenses	4,800
Outstanding interest on debentures	9,000	Building	6,48,000
Paid-up capital of Rs. 100 each	6,00,000	Discount on debentures	3,000
6000 shares of Rs.100 each share premium	45,000	Profit and loss account	33,000
Depreciation fund	60,000	Accrued interest on investments	600
Debenture redemption fund	12,000	Stock	1,20,000
Capital profit	30,000	Debtors	97,200
Debentures	3,00,000	Calls in arrears	600
Bills payable	6,000	Land	72,000
		National Saving Certificates	12,000
	12,00,000		12,00,000

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[Contd....

5 Write short notes on : (any **three**) **14**

- (1) Issue of shares at discount
- (2) Issue of debentures at premium
- (3) Dupont chart
- (4) Capital Redemption Reserve.

OR

5 Write short notes on : (any **three**)

- (1) Contingent liabilities
- (b) Reserve capital and capital reserve
- (c) Fund Flow statement
- (d) Limitations of Ratio-Analysis.
