



MAV-19BBA307

Seat No. _____

B. B. A. (Sem. III) (CBCS) (W.E.F. 2019) Examination

January - 2021

Corporate Accounting and Practices
(New Course)Time : $2\frac{1}{2}$ Hours]

[Total Marks : 70

1. Balance Sheets of Ram Ltd. and Shyam Ltd. as on 31-3-2020 are given below. 20

Liabilities	Ram Ltd. Rs.	Shyam Ltd. Rs.	Assets	Ram Ltd. Rs.	Shyam Ltd. Rs.
Equity Share Capital of Rs. 10 Each Fully Paid	3,00,000	2,00,000	Plant and Machinery	4,60,000	2,20,000
10% Debentures	1,00,000	—	Stock	1,60,000	1,80,000
12% Debentures	—	2,00,000	Debtors	60,000	40,000
Profit and Loss A/C	60,000	1,20,000	Cash-bank	1,20,000	1,60,000
Reserves	1,40,000	—			
Creditors	2,00,000	80,000			
	8,00,000	6,00,000		8,00,000	6,00,000

Both the companies decided to amalgamate in the nature of merger and a new Company "Ghanshyam Ltd" was established on 1-4-2020. Other terms and conditions are as under :

- (1) Ghanshyam Ltd. will issue 6 equity shares for every 5 equity shares of Ram Ltd. and Shyam Ltd.
- (2) 90% of the Shareholders of Ram Ltd. and Shyam Ltd. accepted the shares of Ghanshyam Ltd. and the remaining 10% of the Shareholders accepted cash as final payment.
- (3) Ghanshyam Ltd. will takeover all the assets and liabilities at their book values.

You are required to :

- (1) Calculate purchase consideration for Ram Ltd. and Shyam Ltd.
- (2) Prepare realization A/c, Ghanshyam Ltd. A/c, equity Shareholders' A/c and Cash A/c in the books of Ram Ltd. and Shyam Ltd.

OR

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1 The following are the Balance Sheets of Scott Ltd. and 20
 Styles Ltd. as on 31-3-2020.

Liabilities	Scott Ltd. Rs.	Styles Ltd. Rs.	Assets	Scott Ltd. Rs.	Styles Ltd. Rs.
Equity Share Capital of Rs. 100 each, fully paid	20,00,000	10,00,000	Land - Building	6,00,000	2,00,000
6% Preference Shares of Rs. 100 each, fully paid	10,00,000	-	Plant - Machinery	12,00,000	6,00,000
General Reserve	-	2,40,000	Goodwill	2,00,000	-
Workers' Accident Compensation Fund	-	1,60,000	Investments	2,00,000	40,000
Bank loan	3,00,000	-	Stock	5,00,000	3,00,000
10% Debentures	4,00,000	-	Debtors	6,00,000	4,00,000
Creditors	3,00,000	2,00,000	Cash-bank	3,40,000	60,000
			Preliminary Exp.	60,400	-
			Profit & Loss A/c	3,00,000	-
	40,00,000	16,00,000		40,00,000	16,00,000

On the above date, both the Companies decided to amalgamate and form a new Company "Beacon Hills Ltd." with an authorized Capital of Rs. 50,00,000 divided into 40,000 Equity Shares and 10,000, 10% Preference Shares of Rs. 100 each.

Assets and Liabilities of both the Companies are to be taken over by new Company except investments of Scott Ltd. and Cash Balance of Rs. 20,000 of Styles Ltd. The market value of Fixed Assets of both The Companies is to be taken at 20% more than the Book Value.

Payment terms are as under :

- (1) Beacon Hills Ltd. will issue 6 fully paid Equity Shares for every 5 Equity Shares of Scott Ltd. and Styles Ltd. at 10% premium.
- (2) The Preference Shareholders of Scott Ltd. will get 4 fully paid Preference Shares of Beacon Hills Ltd. for every 5 Preference Shares held by them and Rs. 1,00,000 in cash.

(3) The Debenture-holders of Scott Ltd. will be issued 13% Debentures of Beacon Hills Ltd. of Rs. 100 each at 10% discount to discharge their liability at 8% premium.

(4) Rs. 28,000 are paid cash to Scott Ltd.

Beacon Hills Ltd. issued the remaining equity shares to the public at 20% premium, which were fully paid up. Preliminary expenses amounted to Rs. 20,000.

Pass necessary Journal Entries in the Books of Beacon Hills Ltd. and prepare its Opening Balance Sheet after the amalgamation.

2 The Balance Sheet of Anuj Ltd. as on 31-3-2020 is as under.

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Liabilities	Rs.	Assets	Rs.
40,000 Equity Shares of Rs. 10 each	4,00,000	Land-building	2,00,000
10,000, 8% Preference Shares of Rs. 10 each	1,00,000	Plant-machineries	3,00,000
12% Debentures	2,00,000	Furniture	10,000
Creditors	60,000	Goodwill	40,000
Provident Fund	10,000	Patents	4,000
Bills Payable	4,000	Stock	60,000
		Debtors	
		(1,00,000-Bdr 2,000)	98,000
		Bills Receivables	6,000
		Cash Bank	9,000
		Profit and Loss A/c	47,000
	7,74,000		7,74,000

On above date, Anuj Ltd. is absorbed by Vardan Ltd. as per the following conditions :

- (1) Equity Shareholders of Anuj Ltd. will get 4 equity shares of Rs. 10 each of Vardan Ltd. for every 5 equity shares held by them.
- (2) Preference Shareholders of Anuj Ltd. will get 4 non-cumulative 8% Preference Shares of Rs. 10 each of Vardan Ltd. for every 5 Preference Shares held by them. They will also receive Rs. 8,000 in cash by Vardan Ltd. in full settlement of their arrears of dividend.
- (3) Debenture-holders should be given 10% Debentures in Vardan Ltd. of such value as to give them interest annually, which they used to receive earlier.

- (4) Vardan Ltd. takes over all the assets and liabilities of Anuj Ltd. For this purpose, land-building and plant-machineries are to be valued at Rs. 1,80,000 and Rs. 2,60,000 respectively. Patents are valueless. Provision for bad debts is to be maintained at 5% on debtors.

Prepare the following Accounts in the Books of Anuj Ltd :

- (1) Realisation Account
- (2) Equity Shareholders' Account
- (3) Preference Shareholders' Account
- (4) Vardan Ltd. Account
- (5) Cash-bank Account

OR

- 2 The Balance Sheet of Aden Ltd. as on 31-3-2020 is as under.

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Particulars	Note Rs.	Rs.	Rs.
(A) Equity and Liabilities :			
(1) Shareholders' Funds :			
(A) Share Capital :			
40,000 equity shares of Rs. 100 each			40,00,000
(2) Current Liabilities : Creditors			<u>2,00,000</u>
Total			<u>42,00,000</u>
(B) Assets :			
(1) Non-current Assets :			
(A) Fixed Assets :			
Land-building		18,00,000	
Machinery		<u>9,20,000</u>	27,20,000
(B) Other Non-current Assets :			
Profit and Loss A/c			8,00,000
(2) Current Assets :			
Stock		2,20,000	
Debtors		3,80,000	
Cash at Bank		<u>80,000</u>	<u>6,80,000</u>
Total			42,00,000

The scheme of reconstruction passed by all the parties is as under :

- (1) The new Company "Kira Ltd." is to take over all the assets of Aden Ltd., but not the liabilities.
- (2) Kira Ltd. is to purchase the assets of old Company for an amount of Rs. 32,00,000 payable by issuing 56,000 equity shares of Rs. 100 each, with Rs. 50 per share paid up and remaining amount in cash.
- (3) The capital of Kira Ltd. shall be Rs. 60,00,000 divided into 60,000 equity shares of Rs. 100 each.
- (4) The members of the new Company are to pay the balance of Rs. 50 per share due upon the shares issued to them in cash. The amount is duly received. There are no calls unpaid. No further shares were issued beyond those forming part of the purchase consideration.
- (5) Reconstruction expenses Rs. 20,000 are paid by Aden Ltd.

Pass the Journal Entries in the Books of Aden Ltd. and prepare the opening Balance Sheet of Kira Ltd.

- 3 Dylan Ltd. has authorized capital of 1,00,000 equity shares of Rs. 10 each. Following is the Trial Balance as on 31-3-2020 : 15

Debit Balances	Rs.	Credit Balances	Rs.
Stock (1-4-2019)	1,33,000	Equity Share Capital	
Discount and Rebates	6,000	(40,000 Equity Shares	4,00,000
Carriage Inward	11,500	of Rs. 10. Each)	
Patents	75,000	4% Debentures	
Rates, Taxes and Insurance	11,000	(Repayable after 10 years)	1,00,000
Furniture and Fixture	30,000	Bank Overdraft	1,51,400
Materials Purchases	2,46,500	Creditors	48,100
Wages	2,61,000	Sales	7,23,400
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Coal	12,600	Rent	6,000
Land	2,50,000	Transfer Fees	1,300
Machineries	1,50,000	Profit and Loss A/c	13,400
Tools	30,000		
Goodwill	75,000		
Debtors	53,200		
Bills Receivable	26,900		
Advertisement	3,000		
Commission	13,500		
Business Expenses	11,200		
Bank Current Account	4,000		
Cash	16,000		
Debenture Interest for half year	2,000		
Bank Interest	18,200		
Preliminary Exp.	2,000		
Calls in Arrears	2,000		
	14,43,600		14,43,600

Other Information :

- (1) Closing stock Rs. 1,41,600.
- (2) Outstanding wages Rs. 5,000 and Business expenses Rs. 5,000.
- (3) Proposed dividend at 10% on paid-up Capital.
- (4) Depreciation on tools at 20%, on Patents at 10% and on Furniture at 10%.
- (5) Write off Rs. 4,300 for bad debts and provide 2% for Bad Debts Reserve on Debtors.
- (6) Write off Preliminary Expenses by Rs. 1,000.
- (7) Create Debenture redemption reserve by Rs. 10,000.
- (8) Provide Rs. 48,000 for Income-tax.

Draft Profit and Loss statement and Balance Sheet as per schedule III of the Companies Act. 2013.

OR

- 3 Liam Ltd. has an authorized capital of Rs. 28,00,000 divided into 28,000 equity shares of Rs. 100 each. Following is the Trial Balance of the Company for the year ended on 31-3-2020. Prepare Final Accounts of the Company as per Schedule III of the Companies Act, 2013.

Debit Balances	Rs.	Credit Balances	Rs.
Land and Building	5,20,000	20,000 Equity Shares	20,00,000
Stock (31-3-2020)	6,80,000	10% Debentures	
Cash	66,000	(Repayable on 31-3-2024)	2,00,000
Goodwill	4,00,000	Kevin Ltd's Loan	2,80,000
Investments	4,34,000	Fixed Deposits	70,000
Plant and Machinery	9,00,000	General Reserve	3,20,000
Debtors	2,36,000	Securities Premium	30,000
Bills Receivable	60,000	Profit and Loss A/c	
Loose Tools	28,000	(1-4-2019)	62,000
Salary	1,60,000	Gross Profit for	
Contribution to P.F.	36,000	current year	7,60,000
Interest On Debentures	10,000	Provident Fund	80,000
Insurance	16,000	Unpaid Expenses	22,000
Rent and Taxes	80,000	Uncalled Dividend	20,000
Furniture	1,10,000	Interest Accrued	
Audit Fees	20,000	on Loan	6,000
Repairs	26,000	Creditors	2,00,000
Motor	96,000	Interest on	
Debenture Discount	20,000	Investments	20,000
Goods in Transit	40,000		
Custom Deposit	46,000		
Postage and Telegram	8,000		
Director's Fees	40,000		
Underwriting Commission	30,000		
Carriage Outward	8,000		
	40,70,000		40,70,000

Other Information :

- (1) Provide Depreciation on Plant and Machinery at 10% and on Furniture and Motor at 5%.
- (2) Reserve 5% on Debtors for Bad Debts.
- (3) Provide Rs. 75,000 for Income-tax of the year.
- (4) Outstanding Interest on Investments is Rs. 15,000.
- (5) 1/3rd of underwriting commission is to be written off.
- (6) Transfer Rs. 70,000 to General Reserve.
- (7) Directors have recommended 5% dividend on equity shares.

- 4 What do you mean by Financial Statement Analysis? 15
Give names of techniques used for Financial Statement analysis. Explain any three techniques in detail.

OR

- 8 The following is the Balance Sheet of Nakshatra Ltd. 15
as on 31-3-20 :

Liabilities	Rs.	Assets	Rs.
80,000 Equity Shares, each of Rs. 10	8,00,000	Goodwill	2,00,000
12% Preference Shares each of Rs. 100	5,00,000	Fixed Assets	12,00,000
General Reserve	4,20,000	Investments	1,60,000
Profit and Loss A/c	1,70,000	Stock	4,50,000
12% Debentures	3,00,000	Debtors	3,36,000
Creditors	1,20,000	Cash Balance	30,000
Bank Overdraft	60,000	Preliminary Exp.	24,000
Unpaid Expenses	30,000		
	24,00,000		24,00,000

Additional Information :

- (1) Total Sales (75% on credit) Rs. 13,60,000
- (2) Cost of Sales Rs. 8,00,000
- (3) Depreciation and Managerial Expenses Rs. 1,80,000
- (4) Stock as on 1-4-19 Rs. 3,50,000
- (5) Rate of Tax 50%

From the above information, calculate the following Ratios :

- (1) Current Ratio
- (2) Liquid Ratio
- (3) Debtors Ratio (360 Days)
- (4) Return on Capital Employed
- (5) Return on Equity Share Capital
- (6) Stock Turnover Ratio
- (7) Net Profit Ratio
- (8) Gross Profit Ratio
- (9) Gearing Ratio
- (10) Earning Per Share