

Bachelor of Commerce (B.Com.) Semester–V Examination
FINANCIAL ACCOUNTING–IV
Compulsory Paper–1

Time : Three Hours]

[Maximum Marks : 80

- N.B. :—** (1) All questions are compulsory.
 (2) All questions carry equal marks.

1. (A) What is the difference between Amalgamation and Absorption of Companies ? Point out their main objects. 8
 (B) The Balance Sheet of Solar Co. Ltd. as on 31st March, 2017 :

Liabilities	Rs.	Assets	Rs.
Equity Share Capital of Rs. 10	6,80,000	Goodwill	34,000
8% Preference Share Capital of Rs. 10 each	3,40,000	Building	3,40,000
9% Debentures of Rs. 100 each	3,40,000	Other assets	10,71,000
General Reserve	34,000	Cash at Bank	34,000
Sundry Creditors	1,02,000	Preliminary expenses	17,000
Bills Payable	62,000	Furniture	40,000
	15,58,000	Stock	22,000
			15,58,000

Surya Co. Ltd. purchased Solar Co. Ltd. on the following terms :

- (a) Equity Shareholders are to be given 6 Equity shares of Rs. 10 each of Surya Co. Ltd. issued at Rs. 15 each against each 4 Shares Surrendered.
 (b) 8% Preference Shareholders are to be paid at 5% premium by 8% Preference Share of Rs. 10 each of Surya Co. Ltd. issued at par.
 (c) 9% Debenture holders are to be paid at 8% premium by 9% Debenture of Surya Co. Ltd.
 (d) Rs. 17,000 cash retained by Solar Co. Ltd. for liquidation expenses.
 (e) Building of Solar Co. Ltd. are taken over for Rs. 4,50,000.
 Calculate purchase consideration and prepare Realisation A/c. 8

OR

- (C) The Balance Sheet of Amar Co. Ltd. and Pawan Co. Ltd. on 31st March, 2015, who agreed to amalgamate are given. A new Company 'Mohani Co. Ltd.' is to be formed. Give Journal Entries in the books of Amar Co. Ltd. and Mohani Co. Ltd. :

Balance Sheet

Particulars	Amar Co. Ltd. Rs.	Pawan Co. Ltd. Rs.
Liabilities :		
Share Capital		
(i) 1,000 shares of Rs. 500 each fully paid	5,00,000	–
(ii) 1,200 shares of Rs. 500 each fully paid	–	6,00,000
General Reserve	75,000	92,500
Profit & Loss A/c	40,000	50,000
Sundry Creditors	70,000	85,000
	6,85,000	8,27,500
Assets :		
Land & Building	2,50,000	3,00,000
Plant & Machinery	1,50,000	2,00,000
Stock	1,00,000	1,00,000
Debtors	1,50,000	1,50,000
Cash	35,000	77,500
	6,85,000	8,27,500

Mohani Co. Ltd. takes over the Assets and Liabilities of both the companies. The Assets of Amar Co. Ltd. are taken over at a reduced Valuation of 10% and that of Pawan Co. Ltd. at a reduced of 15% value and Mohani Co. Ltd. paid Rs. 50,000 cash to both the amalgamating companies and balance by allotting fully paid equity shares of the required number. 16

2. (A) Write circumstances under which reconstruction of a company is beneficial. 8
 (B) Following Balance Sheet of Nilima Co. Ltd. was prepared on 31st March, 2017 :

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Share Capital		Goodwill	70,000
84,000 Equity Shares		Land & Building	2,80,000
of Rs. 10 each	8,40,000	Plant & Machinery	7,56,000
7,000, 9% Preferential		Preliminary Expenses	70,000
Shares of Rs. 100 each	7,00,000	Furniture	49,000
12% Debentures	50,000	Debtors	3,64,000
Interest on debentures due	9,800	Stock	63,000
Creditors	2,04,000	Profit & Loss A/c	1,51,800
	18,03,800		18,03,800

Due to continuous loss the company decided to re-organise the capital as follows :

- (1) Paid up value of equity shares be reduced by Rs.6 per share.
 - (2) Paid up value of preferential shares be reduced by Rs. 40 per share and they be converted into 10% preferential share.
 - (3) Debentureholders agreed to forego their claim on interest due to them.
 - (4) Capital reduction is utilised to write off preliminary exp. and profit and loss completely.
- Give Journal Entries for the above in the books of the company. 8

OR

- (C) The following is the Balance Sheet of Aziz Ltd. as on 31st March, 2017 :

Liabilities	Rs.	Assets	Rs.
Authorised & Issued		Goodwill	2,00,000
Share Capital		Sundry Assets	5,00,000
3,000, 6% Preference		Cash in hand	20,000
Shares of Rs. 50 each fully paid	1,50,000	Profit & Loss A/c	3,80,000
8,000, Equity Shares of			
Rs. 100 each fully paid	8,00,000		
6% Debentures (Rs. 100)	1,00,000		
Sundry Creditors	50,000		
	11,00,000		11,00,000

Preference dividends were in arrears for two years.

A scheme of reconstruction as detailed below was agreed upon :

- (1) A new company Navbharat to be formed with authorised capital of Rs. 10,00,000 in equity shares of Rs. 100 each.
- (2) One equity share of Rs. 100 each fully paid in the new company to be issued in exchange of 2 preference shares in the old company.

- (3) Three equity shares of Rs. 100 each fully paid in the new company to be exchanged for 5 equity shares in the old company.
- (4) Arrears of dividends to be cancelled.
- (5) Debenture holders to receive 1,000 equity shares in the new company as fully paid.
- (6) Sundry creditors to be taken over by the new company and immediately paid off.
- (7) The new company to issue remaining equity shares for public subscription.
- (8) The new company to take over old company's assets subject to revaluation of Sundry Assets at Rs. 5,30,000.

Show the Journal Entries in the books of Aziz Co. Ltd. and Navbharat Co. Ltd. 16

3. (A) State the main features and objectives of Double Account System. 8

(B) The following balances relate to Nisarg Jal Ltd. for the year ended 31st March, 2016 :

Particulars	Rs.
Water meter	42,000
Maintenance expenses of filter beds	6,000
Salary	24,000
Stationery	3,480
Balance of Net Revenue A/c	40,000
Dividend on preference shares	48,000
General Dividend	1,20,000
Maintenance expenses of pumping station	68,200
Sundry Debtors for water supply	49,600
Water tank maintenance expenses	20,000
Repairs of main pipeline	15,000
Director fees	18,000
Rates and Taxes	1,00,000
Interest on Debentures paid	40,000
Rent of water supply	5,87,000
Rent received	14,000
Transfer fees	1,000
Mains and service pipe	4,76,800

Prepare Revenue A/c and Net Revenue A/c. 8

OR

(C) From the following Trial Balance and additional information of Rupesh Electric Supply Co. Ltd., prepare :

- (A) Revenue Account
- (B) Net Revenue Account
- (C) Capital Account

(D) General Balance Sheet for the year ended 31st March, 2017 :

Trial Balance as on 31st March, 2017

Balance as on 31.3.2016	Particulars	Dr. Rs.	Cr. Rs.
	Share Capital :		
25,00,000	25,000 Shares of Rs. 100 each issued on 30.6.2015		25,00,000
	10,000 Shares of Rs. 100 each issued on 30.6.2016		10,00,000
	Premium on second issue of Shares		1,00,000
2,00,000	Debentures issued on 31.07.2015		2,00,000
	Debentures issued on 31.12.2016		1,00,000
	Depreciation Reserve Fund		55,000
	Investment	55,000	
7,64,500	Freehold Land and Building (at cost)	7,64,500	
13,50,000	Plant and Machinery	15,77,660	
9,78,000	Mains	12,48,000	
2,19,600	Transformers, Motors etc.	2,50,800	
86,000	Meters	1,05,000	
	General Stores, Cables etc.	64,500	
	Office Furniture	76,000	
	Coal and Fuel used	16,34,820	
	Oil, Waste, etc. used	1,26,840	
	Stock on hand – Coal, Oil etc.	1,07,320	
	Wages	16,54,700	
	Repairs and Replacement	57,240	
	Rates and Taxes	43,200	
	Salaries	4,34,800	
	Auditors and Director's fees	28,500	
	Advertising, Printing and Stationery	24,640	
	General Expenses	19,800	
	Sundry Debtors	2,20,600	
	Sales by Meter (Energy)		32,81,500
	Sales by Contract (Energy)		17,66,500
	Meter Rent		67,500
	Sundry Creditors		1,14,820
	Cash in hand	5,900	
	Fixed deposits with bank	8,70,000	
	Bank overdraft		84,500
1,00,000	Net Revenue Account		1,00,000
		93,69,820	93,69,820

Additional Information :

(i) Depreciation is to be provided :

On Plant and Machinery @ 10% p.a., Mains @ 5% p.a., Transformers and Motors @ 15% p.a. and Meters @ 12% p.a.

(ii) Accrued interest on fixed deposits @ 10% p.a. for 6 months.

(iii) Transfer to Reserve Fund Rs. 1,20,000

(iv) Provide for Income Tax Rs. 60,000.

16

4. (A) What is the need for Valuation of Shares ? State the factors affecting Valuation of Shares. 8

(B) From the following particulars of Mr. Sanket Co. Ltd. find out the fair value of share :

Liabilities	Rs.	Assets	Rs.
Share Capital (16,000 shares of Rs. 100 each)	16,00,000	Goodwill	1,60,000
Reserve	80,000	Building	6,40,000
Bills Payable	1,60,000	Machinery	6,40,000
Creditors	3,20,000	Current Assets	7,04,000
		Preliminary expenses	16,000
	21,60,000		21,60,000

The Building and Machinery are worth Rs. 6,08,000 and Rs. 5,92,000 respectively. The Dividends for the last three years are 12%, 18% and 15%. The market yield of similar types of shares is 12%. The goodwill is worth Rs. 2,00,000.

8

OR

(C) The following is the Balance Sheet of Microtex Ltd. as on 31st March, 2017 :

Liabilities	Rs.	Assets	Rs.
Issued & Subscribed Capital (10,000 shares of Rs. 100 each)	10,00,000	Premises	5,60,000
		Plant	5,30,000
		Stock (Market Value Rs. 7,50,000)	7,25,000
General Reserve	2,50,000	Debtors	2,25,000
Profit & Loss A/c	1,65,000		
Bank Overdraft	1,50,000		
Creditors	2,25,000		
Provision for Taxation	1,00,000		
Depr. Fund Plant	50,000		
Workmen's Savings A/c	1,00,000		
	20,40,000		20,40,000

The following are the revalued amounts of assets :

Premises Rs. 6,00,000, Plant Rs. 5,50,000 and Goodwill Rs. 7,75,000. Net Profit of the Company after providing for taxation but before deduction of amount of dividends were :

For the year ended	31-3-2015	Rs. 3,50,000
	31-3-2016	Rs. 4,25,000
	31-3-2017	Rs. 5,00,000

Normal profit in this type of business is 10%. Calculate fair value of each share of the Company.

16

5. (A) Balance Sheet of Anurag Co. was as under as on 31-3-2012 :

Liabilities	Rs.	Assets	Rs.
Share Capital	1,00,000	Fixed Assets	50,000
Sundry Liabilities	20,000	Furniture	40,000
		Current Assets	10,000
		P & L A/c	20,000
	1,20,000		1,20,000

Bapurao Co. absorbed Anurag Co. and accepted all Assets for Rs. 72,000. Rs. 50,000 were to be paid by way of issuing Shares. Rs. 22,000 were to be paid in cash so as to facilitate Anurag Co. to clear its liabilities and meet liquidation expenses.

Prepare Realisation Account.

4

(B) Following is the Balance Sheet of Navin Ltd. for the year ended 31st March, 2016 :

Liabilities	Rs.	Assets	Rs.
30,000, 7% pref. shares of Rs. 10 each	3,00,000	Sundry Assets	3,60,000
10,000 Equity shares of Rs. 10 each	1,00,000	Profit & Loss A/c	40,000
	4,00,000		4,00,000

It is assumed that after reconstruction, company will make a profit of Rs. 41,000 and this profit will be distributed amongst the shareholders. Assets were revalued at Rs. 3,40,000 and whole of loss is to be borne by equity shareholders.

Prepare Balance Sheet in the Books of the Company.

4

(C) The following balances are extracted from the books of Jiwan Gas Co. Ltd. :

	Rs.
Issued and paid up Capital (each share Rs. 100)	40,00,000
Land and Building	20,00,000
Total amount received as per Capital A/c	60,00,000
Total capital expenditure as per Capital A/c	57,00,000
Closing Stock	6,05,000
Sundry Creditors	5,00,000
Reserve Fund	10,00,000
Reserve Fund Investment at Cost (Market Value Rs. 10,50,000)	10,00,000
Cash in hand	1,00,000
Cash at Bank	4,00,000
Net Revenue A/c (Cr.)	4,05,000
Depreciation Fund	8,00,000
Sundry Debtors	9,00,000

Prepare General Balance Sheet as on 31st March, 2016 under the Double Accounting System.

4

(D) Issued and paid up Share Capital of a Company is as follows :

8% Preference Shares of Rs. 100 each	Rs. 2,00,000
Equity Share Capital, shares of Rs. 10 each	Rs. 10,00,000

Average Net profit of the company after taxation but before preference dividend is Rs. 2,40,000 a year. Average return on capital employed in similar business is 12%

Find Value of Equity Shares by yield method.

4

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[Maximum Marks : 80

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 (2) All questions carry equal marks.

(मराठी माध्यम)

1. (अ) कंपन्यांचे समिश्रण आणि संविलयन या मधील काय फरक आहे ? त्यांचे प्रमुख उद्देश नमूद करा. 8
 (ब) इंग्रजी माध्यमानुसार 8
 किंवा
 (क) इंग्रजी माध्यमानुसार 16
2. (अ) कोणत्या परीस्थितीत कंपनीचे पुननिर्माण लाभदायक ठरते ते लिहा. 8
 (ब) इंग्रजी माध्यमानुसार 8
 किंवा
 (क) इंग्रजी माध्यमानुसार 16
3. (अ) द्विलेखा पद्धतीची मुख्य वैशिष्ट्ये आणि उद्देश सांगा. 8
 (ब) इंग्रजी माध्यमानुसार 8
 किंवा
 (क) इंग्रजी माध्यमानुसार 16
4. (अ) भागांच्या मूल्यांकनाची काय आवश्यकता आहे ? भाग मूल्याला प्रभावित करणारे घटक सांगा. 8
 (ब) इंग्रजी माध्यमानुसार 8
 किंवा
 (क) इंग्रजी माध्यमानुसार 16
5. (अ), (ब), (क), (ड) सर्व इंग्रजी माध्यमानुसार 4×4=16

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[Maximum Marks : 80

- N.B. :-** (1) All questions are compulsory.
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(हिन्दी माध्यम)

1. (अ) कंपनियों के एकीकरण और संविलयन इनमें क्या अन्तर है ? उनके मुख्य उद्देश्यों का वर्णन कीजिए।
8
 (ब) अंग्रेजी माध्यम के अनुसार
8
 अथवा
 (क) अंग्रेजी माध्यम के अनुसार 16
2. (अ) किन स्थितियों में कंपनी का पुनर्निर्माण लाभदायक होता है ? लिखिये।
8
 (ब) अंग्रेजी माध्यम के अनुसार
8
 अथवा
 (क) अंग्रेजी माध्यम के अनुसार 16
3. (अ) द्विलेखा पद्धति की विशेषताएं तथा उद्देश्य बताइये।
8
 (ब) अंग्रेजी माध्यम के अनुसार
8
 अथवा
 (क) अंग्रेजी माध्यम के अनुसार 16
4. (अ) अंशों का मूल्यांकन क्यों आवश्यक है ? अंशों के मूल्यांकन को प्रभावित करने वाले तत्व बताइये।
8
 (ब) अंग्रेजी माध्यम के अनुसार
8
 अथवा
 (क) अंग्रेजी माध्यम के अनुसार 16
5. (अ), (ब), (क), (ड) सभी अंग्रेजी माध्यम के अनुसार। 4×4=16