

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 do you mean by Amalgamation ? Explain its characteristics. 8
- (B) Two companies carrying on similar business decided to amalgamate from 1st April 2017 into Sai Jyoti Co. Ltd. The following are their respective Balance Sheets as on that date :

Liabilities	Sai Rs.	Jyoti Rs.	Assets	Sai Rs.	Jyoti Rs.
Equity Share Capital (Rs. 10)	9,00,000	6,00,000	Land & Building	2,40,000	2,00,000
5% Debentures of Rs. 100 each	2,00,000	—	Plant & Machinery	7,20,000	2,40,000
Reserve Fund	2,55,000	—	Stock	1,20,000	60,000
Dividend Equalisation Fund	40,000	—	Sundry Debtors	1,40,000	90,000
Employees Provident Fund	30,000	20,000	Furniture	150,000	1,10,000
Sundry Creditors	75,000	80,000	Trucks	1,30,000	—
Profit & Loss A/c	20,000	—	Cash	20,000	20,000
Bills Payable	—	20,000			
	15,20,000	7,20,000		15,20,000	7,20,000

Sai Jyoti company takes over the assets and liabilities of both the companies. Plant & Machinery of Sai Co. Ltd and Jyoti Co. Ltd reduced by 10% and Sundry Debtors 5% are bad.

Both the companies are to receive 10% of the net valuation of their respective business as goodwill.

The purchase consideration is to be paid by Sai Jyoti Co. Ltd. in fully paid equity shares of Rs. 50 each. For debentures in Sai Co. Ltd., Debentures of the same amount issued by Sai Jyoti Co. Ltd. Calculate purchase considerations. 8

OR

- (C) Asha Co. Ltd. agreed to acquire the assets excluding cash as on 31st March, 2016 of Usha Co. Ltd. The Balance Sheet of Usha Co. Ltd. as on that date was :

Liabilities	Rs.	Assets	Rs.
Equity Share Capital (each Rs. 10)	4,50,000	Goodwill	90,000
General Reserve	1,20,000	Land & Building	1,80,000
Debentures	75,000	Machinery	3,00,000
Creditors	15,000	Stock	1,20,000
Profit & Loss A/c	90,000	Debtors	45,000
		Cash	15,000
	7,50,000		7,50,000

The purchase consideration was as follows :

- A cash payment of Rs. 4 for every share of Usha Co. Ltd.
 - The issue of one share of Rs. 10 (market value Rs. 12.50) in the Asha Co. Ltd. for every share in Usha Co. Ltd.
 - The issue of 1200 debentures of Rs. 75 each in Asha Co. Ltd. to enable Usha Co. Ltd. to discharge its debentures at a premium of 20%
 - The expenses of Usha Co. Ltd. amounting to Rs. 6,000 were to be met by themselves.
- Give Journal Entries in the books of Asha Co. Ltd. and Usha Co. Ltd. 16

2. (A) Explain difference between Reconstruction and Reorganization. 8

- (B) The following is the Balance Sheet of MIT Ltd. as on 31st March 2014 :

Liabilities	Rs.	Assets	Rs.
Share Capital :		Goodwill	75,000
3750 6% preference shares of		Patents & Trademarks	55,000
Rs. 100 each	3,75,000	Plant & Machinery	7,00,000
68,000 Equity Shares of Rs. 100 each	6,80,000	Stocks	52,000
Share Premium A/c	1,00,000	Debtors	1,30,000
Sundry Creditors	1,00,000	Preliminary Exp.	62,500
Bills Payable	7,000	Profit & Loss A/c	1,87,500
	12,62,000		12,62,000

A scheme of reduction of capital was passed by the court on the following terms :

- Pref. shares to be reduced by Rs. 20 per share
- Equity shares to be reduced to Rs. 5 per share
- Write off all intangible assets and premium account
- Plant & machinery to be revalued at Rs. 6,00,000

Draft Journal Entries. 8

OR

(C) Following was the Balance Sheet of Jay Prakash Ltd. as on 31st March 2014 :

Liabilities	Rs.	Assets	Rs.
Share Capital :		Freehold Property	30,000
800 Shares of Rs. 100 each, fully paid	80,000	Stocks	70,000
8% Debentures		Debtors	35,000
(800 debentures of Rs. 80 each)	64,000	Cash	4,000
Sundry Creditors	27,000	Profit & Loss A/c	32,000
	1,71,000		1,71,000

The company decided to go into liquidation with a view to reconstruct under the name Sona Ltd. The following agreements were made and carried into effect :

- (1) Assets and liabilities are to be taken over by the Sona Co. Ltd.
- (2) 1/5 debentures holders are paid in cash @ 50 each and remaining are issued new 10% debentures of Rs. 80 each
- (3) Creditors are paid in cash
- (4) 8000 shares of Rs. 10 will be issued by the Sona Co. as Rs. 5 paid up to shareholders of old company
- (5) Unpaid amount on the shares being payable immediately on allotment
- (6) Stock, debtors are to be reduced by Rs. 7,100 and Rs. 5,700 respectively.

Pass the Journal Entries in both the companies and also show the Balance Sheet of the new company after the scheme is carried out. 16

3. (A) Explain the meaning of Double Accounting System and its objective. 8

(B) From the following Balance of an Electric Company drawn on 31st March 2016 prepare :

- (1) Revenue A/c
- (2) Net Revenue A/c

Particulars	Rs.
Generation Expenses	3,000
Rent, Rates & Taxes	500
Distribution Expenses	500
Management Expenses	1,200
Depreciation	2,000
Sale of Electricity	13,000
Meter Rents	500
Interest on Debentures	1,000
Interim Dividend	2,000
Balance of Net Revenue A/c (last year)	2,850
Other Debtors	500
Sundry Creditors	1,000
Cash	500
Depreciation Fund	25,000

8

OR

(C) Following Trial Balance is drawn from the Books of Nagpur Water Works Ltd. on 31st March 2016 on the basis of which you are required to prepare :

- (a) Revenue Account
- (b) Net Revenue Account
- (c) Capital Account
- (d) General Balance Sheet

Trial Balance

Amt. on 31.3.15	Particulars	Dr. Rs.	Cr. Rs.
20,00,000	Share Capital		25,00,000
15,00,000	14% debentures		15,00,000
6,00,000	Provision for depreciation		6,00,000
—	Call-in-arrears	1,00,000	
9,30,000	Freehold land	9,30,000	
4,00,000	Building	5,00,000	
6,00,000	Machinery and Water Works	10,00,000	
5,00,000	Main Lines	8,00,000	
1,00,000	Water Lifting Pump	2,00,000	
50,000	Meters	1,50,000	
30,000	Instruments at Water Works	40,000	
1,60,000	General Stores (Meters etc.)	2,35,000	
25,000	Office Furniture	25,000	
	Electricity Power Consumed	1,90,000	
	Water Works Stores Consumed	75,000	
	Stock of Water Works Stores	10,000	
	Wages at Water Works	3,00,000	
	Repairs & Replacements	50,000	
	Rates and Taxes	30,000	
	Salary of Secretary	1,50,000	
	Director's Fees	1,00,000	
	Stationery and Printing	60,000	
	Law Charges	20,000	
	Incidental Expenses	10,000	
	Sale (Water Supply) by Meters		9,75,000
	Sale (Water Supply) by Contracts		5,00,000
	Water Meter Rent		30,000
	Sundry Creditors		1,00,000
	Sundry Debtors	5,50,000	
	Cash and Bank Balance	8,30,000	
	Contingency Reserve		1,50,000
		63,55,000	63,55,000

Adjustments :

- (1) Depreciation to be provided as under :

Building Rs. 22,500, Machinery Rs. 1,20,000, Main Water Line Rs. 65,000, Water Lifting Pumps Rs. 30,000, Meters Rs. 5,250 and Instruments Rs. 5,200.

- (2) Transfer Rs. 19,400 to Contingency Reserve.

16

4. (A) Discuss the various methods of Valuation of Shares. 8

(B) The following is the Balance Sheet of Golden Co. Ltd. as on 31st March 2013 :

Liabilities	Amt.	Assets	Amt.
Share Capital :		Land and Building	55,000
10000 Equity Shares of		Plant and Machinery	65,000
Rs. 10 each	1,00,000	Trademark	10,000
General Reserve	20,000	Stock	24,000
P & L A/c	16,000	Debtors	44,000
Unsecured Creditors	30,000	Cash at Bank	26,000
Sundry Creditors	49,000	Preliminary Exp.	6,000
Workman's Saving A/c	15,000		
	2,30,000		2,30,000

The plant and machinery is worth Rs. 60,000 and land and building have been valued at Rs. 1,20,000 by an independent valuer. Rs. 4,000 of the debtors are bad.

Goodwill may be taken to be worth Rs. 80,000.

Find out the intrinsic value of the shares of this company. 8

OR

(C) The following is the information drawn from the Books of Zenit Co. Ltd. :

	Rs.
Sundry Assets (Fixed and Current)	3,75,000
Share Capital :	
(i) 750, 7% preference shares of Rs. 10 each	7,500
(ii) 15000, Equity Shares of Rs. 10 each	1,50,000
Reserves and Surplus	1,42,500
Debentures	45,000
Sundry Creditors	30,000

The average annual profit of the company is Rs. 15,000 after Tax.

Normal Rate of Return is 10%. An amount of Rs. 450 is transferred to General Reserve.

Calculate the fair value of equity share of the company. 16

5. (A) Samsun Co. Ltd. decided to absorb Nokia Co. Ltd. Balance Sheet of Nokia Co. Ltd. as on 31st March, 2017 :

Liabilities	Rs.	Assets	Rs.
19000 Shares of Rs. 100 each	19,00,000	Fixed Assets	21,54,000
6% Debentures	4,80,000	Debtors	4,74,000
Profit & Loss A/c	4,90,000	Stock	7,70,000
Creditors	6,00,000	Cash	72,000
	34,70,000		34,70,000

(1) Samsun Co. Ltd. decided take over all the assets and liabilities at book value.

(2) It was agreed to pay 8% debentures at Rs. 105 each to discharge 6% debentures of Nokia Co. Ltd.

(3) Samsun Co. Ltd. will issue 3 shares of Rs. 50 each for every share in Nokia Co. Ltd. of Rs. 100 and Rs. 10 in cash.

Calculate mode of payment of purchase consideration. 4

(B) Liabilities of National Co. Ltd. were as follows on 1/4/2017 :

Liabilities	Rs.
15000, 7% Cumulative Pref. Shares of Rs. 100 each	15,00,000
27500, Equity Shares of Rs. 100 each	27,50,000
Share Premium A/c	4,00,000
Sundry Creditors	6,00,000

Under scheme of reconstruction it was decided that :

- (i) Preference shares to be reduced to Rs. 80 per share
- (ii) Equity shares to be reduced to Rs. 50 per share

Give Journal Entries to effect the scheme.

4

(C) The following are the balances as on 31st March 2017 in the books of Jivan Prakash Light Co. Ltd. :

	Rs.
Land on 31 st March 2016	1,56,000
Land expanded during 2016-17	24,000
Machinery on 31 st March 2016	6,24,000
Machinery expanded during 2016-17	36,000
Mains on 31 st March 2016	2,08,000
Mains expanded during 2016-17	22,000
Equity Share Capital	5,70,000
Debentures	2,20,000

Prepare Capital Account.

4

(D) Following is the information drawn from Jogi Co. Ltd. :

Total Assets of the Company	Rs. 24,00,000
Debentures	Rs. 2,40,000
Sundry Creditors	Rs. 1,20,000
12% Preference Shares of 100 each	Rs. 4,00,000
12,000 Equity Shares of Rs. 100 each	Rs. 12,00,000

Compute the Intrinsic Value of Equity Shares.

4

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(मराठी माध्यम)

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|--|----|
| 1. (अ) संमिश्रण म्हणजे काय ? त्याची वैशिष्ट्ये विशद करा. | 8 |
| (ब) इंग्रजी माध्यमानुसार. | 8 |
| किंवा | |
| (क) इंग्रजी माध्यमानुसार. | 16 |
| 2. (अ) पुनर्संघटन आणि पुनर्निर्माण यातील फरक स्पष्ट करा. | 8 |
| (ब) इंग्रजी माध्यमानुसार. | 8 |
| किंवा | |
| (क) इंग्रजी माध्यमानुसार. | 16 |
| 3. (अ) द्विखाते पद्धती म्हणजे काय ? त्याची वैशिष्ट्ये सांगा. | 8 |
| (ब) इंग्रजी माध्यमानुसार. | 8 |
| किंवा | |
| (क) इंग्रजी माध्यमानुसार. | 16 |
| 4. (अ) अंशाच्या मूल्यांकनाच्या विविध पद्धतीची चर्चा करा. | 8 |
| (ब) इंग्रजी माध्यमानुसार. | 8 |
| किंवा | |
| (क) इंग्रजी माध्यमानुसार. | 16 |
| 5. (अ) इंग्रजी माध्यमानुसार. | 4 |
| (ब) इंग्रजी माध्यमानुसार. | 4 |
| (क) इंग्रजी माध्यमानुसार. | 4 |
| (ड) इंग्रजी माध्यमानुसार. | 4 |

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(हिन्दी माध्यम)

1. (अ) संमिश्रण की परिभाषा दीजिये। उसके वैशिष्ट्ये विशद कीजिये। 8
(ब) अंग्रेजी माध्यम के अनुसार। 8

अथवा

- (क) अंग्रेजी माध्यम के अनुसार। 16
2. (अ) पुनर्संघटन एवं पुनर्निर्माण का अंतर लिखिये। 8
(ब) अंग्रेजी माध्यम के अनुसार। 8

अथवा

- (क) अंग्रेजी माध्यम के अनुसार। 16
3. (अ) द्विलेखा पद्धति की परिभाषा बतलाइये। उसकी विशेषताएं लिखिये। 8
(ब) अंग्रेजी माध्यम के अनुसार। 8

अथवा

- (क) अंग्रेजी माध्यम के अनुसार। 16
4. (अ) अंश मूल्यांकन की विविध पद्धति पर चर्चा कीजिये। 8
(ब) अंग्रेजी माध्यम के अनुसार। 8

अथवा

- (क) अंग्रेजी माध्यम के अनुसार। 16
5. (अ) अंग्रेजी माध्यम के अनुसार। 4
(ब) अंग्रेजी माध्यम के अनुसार। 4
(क) अंग्रेजी माध्यम के अनुसार। 4
(ड) अंग्रेजी माध्यम के अनुसार। 4