

## 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) Explain with examples the meaning of amalgamation and absorption of companies and what are their objectives ? 8
- (B) Given below are the Balance Sheets as on 31<sup>st</sup> March, 2018 of Ram and Shyam Ltd. which are amalgamated to form new company “Ramshyam Ltd.” New Company took over all assets and liabilities of both the companies at book value :

## Balance Sheets

Particulars	Ram Ltd.	Shyam Ltd.
	Rs.	Rs.
Liabilities :		
Share Capital @ Rs. 10 each	2,00,000	4,00,000
Current Liabilities	2,40,000	40,000
Revenue and Surplus	1,60,000	1,00,000
	<u>6,00,000</u>	<u>5,40,000</u>
Assets :		
Building	60,000	50,000
Machinery	1,00,000	1,60,000
Furniture	10,000	20,000
Current Assets	4,10,000	2,98,000
Preliminary Exp.	20,000	—
Profit & Loss A/c	—	12,000
	<u>6,00,000</u>	<u>5,40,000</u>

Authorised Capital of Ramshyam Ltd. is Rs. 10,00,000 divided in equity shares of Rs. 10 each. Purchase consideration of both the companies was paid in the form of equity shares of Rs. 10 each in Ramshyam Ltd.

Pass the journal entries in the books of Ramshyam Ltd. and draw up Opening Balance Sheet of Ramshyam Ltd. 8

OR

(C) The following is the balance sheet of Sanjay Trading Co. Ltd. as on March 31<sup>st</sup>, 2018 :

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Capital :		Land and Building	2,00,000
24,000 Shares of Rs. 10 each		Plant and Machinery	80,000
fully paid	2,40,000	Stock in Trade	30,000
Sundry Creditors	80,000	Sundry Debtors	40,000
Bank Overdraft	32,000	Profit & Loss A/c	2,000
	<u>3,52,000</u>		<u>3,52,000</u>

The company went into liquidation and the assets were sold to the Vijay Co. Ltd. for Rs. 2,94,000, payable as to Rs. 1,14,000 in cash (which is sufficient to discharge the creditors and the bank and pay the cost of winding up Rs. 2,000) and as to Rs. 1,80,000 by the allotment 24,000 shares of Rs. 10 of Vijay Co. Ltd. Rs. 7.50 paid to the shareholders of the Sanjay Co. Ltd.

Prepare the accounts in the books of Sanjay Co. Ltd. (1) Realisation A/c, (2) Vijay Co. Ltd., (3) Shareholders A/c, (4) Bank A/c and Pass the journal entries in the books of Vijay Co. Ltd. 16

2. (A) What is Re-organisation or Internal Reconstruction ? What are its objectives ? 8

(B) The following is the Balance Sheet of Jairam Co. Ltd. as at 31<sup>st</sup> March, 2017 :

**Balance Sheet**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Share Capital :		Goodwill	37,200
36,000 Equity Shares of		Stock	64,800
Rs. 10 each	3,60,000	Building	2,04,000
Sundry Creditors	1,29,600	Machinery	96,000
Reserve Fund	9,600	Debtors	54,000
		P & L A/c	43,200
	<u>4,99,200</u>		<u>4,99,200</u>

The following scheme of Reconstruction was passed and sanctioned in the meeting of creditors and shareholders :

- (1) The new company to be formed, called Bharat Co. Ltd. with an authorised capital of Rs. 5,00,000 divided in 50,000 equity shares of Rs. 10 each.
- (2) Goodwill to be written off totally and value of machinery to be reduced by 20%.
- (3) The shareholders of old company to receive one share in new company of Rs. 10 each, Rs. 7.50 paid up for every share in the old company, the unpaid amount of the shares being payable immediately on allotment.

Calculate Purchase Consideration and Open Realisation A/c in the Books of Jairam Company Ltd. 8

**OR**

(C) The shareholders having agreed upon a scheme of Reorganisation of Adhar Co. Ltd. and it was accepted by the court. The balance sheet at the date of reorganisation, 31<sup>st</sup> March 2017 was as under :

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Authorised Capital :		Building	1,15,000
5,000 Equity Shares of		Machinery	2,50,000
Rs. 100 each	5,00,000	Stock	1,07,500
5,000, 6% Preference Shares		Sundry Debtors	70,000
of Rs. 100 each	5,00,000	Bills Receivable	5,000
	<u>10,00,000</u>	Bank	2,500
Issued Capital :		Preliminary Expenses	7,500
3,000 Equity Shares fully paid	3,00,000	Profit & Loss A/c (Loss)	92,500
3,000 Preference Shares fully paid	3,00,000		
Sundry Creditors	40,000		
Bills Payable	10,000		
	<u>6,50,000</u>		<u>6,50,000</u>

The scheme of Reorganisation provided as under :

- (1) Every preference share shall be reduced by Rs. 25 and the rate of dividend shall be increased upto 8%.
- (2) Every equity share shall be reduced upto Rs. 60 paid up, but its face value should be the same.
- (3) The amount available due to reduction scheme should be utilised as under :
  - (a) Write off the machinery by Rs. 20,000.
  - (b) Write off the stock by Rs. 17,500.
  - (c) Create Reserve for Doubtful Debts of Rs. 12,500.
  - (d) Write off the preliminary expenses in full.
  - (e) Write off the losses as per Profit and Loss Account.
  - (f) Carry the balance to Capital Reserve.

Give the necessary journal entries and prepare the Balance Sheet.

16

3. (A) What is Double Account System ? Explain merits and demerits of Double Account System. 8

(B) The following balances relate to Nisarga Water Supply Co. Ltd. for the year ended 31-3-2017 :

	<b>Rs.</b>
32,000 Equity Shares of Rs. 15 each	4,80,000
8,000, 6% Preference Shares of Rs. 15 each	1,20,000
Share Premium	1,20,000
Creditors	15,046
Reserve Fund	8,000
Unpaid Dividend	120
Current Year's Cr. Balance of Net Revenue A/c	25,392
Land and Building (Previous Year)	5,11,980
Add :— Growth in Current Year	<u>1,20,000</u>
Mains and Small Taps (Previous Year)	60,000
Add :— Growth in Current Year	<u>11,520</u>
Water Meters	6,300
Preliminary Expenses	6,000
Reserve Fund Investment	8,000
Stock	2,040
Sundry Debtors	7,740
Cash at Bank	24,978
Cash in Hand	10,000

You are required to prepare Capital Account and General Balance Sheet. 8

**OR**

(C) The following balances were extracted from the books of the Koradi Gas Supply Co. Ltd. Prepare :

- (a) Revenue A/c
- (b) Net Revenue A/c
- (c) Capital A/c and
- (d) General Balance Sheet of the Company as on 31-3-2017.

**Trial Balance as on 31-3-2017**

<b>Figures of</b>	<b>Particulars</b>	<b>Dr. Rs.</b>	<b>Cr. Rs.</b>
<b>31-3-2016</b>			
60,00,000	Subscribed Share Capital		75,00,000
45,00,000	12% Debentures		45,00,000

Figures of	Particulars	Dr. Rs.	Cr. Rs.
<b>31-3-2016</b>			
3,00,000	Depreciation Fund		3,00,000
—	Call-in-Arrears	3,00,000	
39,90,000	Land and Building	42,90,000	
18,00,000	Machinery at Pump House	30,00,000	
18,00,000	Mains	30,00,000	
1,50,000	Meters	4,50,000	
90,000	Water Lifting Pumps	1,20,000	
4,80,000	Pipeline	7,05,000	
75,000	Office Furniture	75,000	
	Motive Power	7,95,000	
	Wages	9,30,000	
	Repairs and Replacement	1,50,000	
	Salary	5,40,000	
	Office Expenses	5,70,000	
	Sale by Meter		26,25,000
	Sale by Contract		15,00,000
	Meter Rent		90,000
	Sundry Creditors		3,00,000
	Sundry Debtors	9,00,000	
	Cash in Hand and at Bank	9,90,000	
		<u>1,68,15,000</u>	<u>1,68,15,000</u>

**Additional Information :**

(1) Depreciation to be provided for Land and Building 2.5%, Mains 5%, Machinery 7.5%, Meters 10%, Depreciation on addition during the year to charged for six months.

(2) Transfer to General Reserve Rs. 60,000. 16

4. (A) What is valuation of shares ? Explain the kinds of valuation of shares. 8

(B) On 31<sup>st</sup> March, 2017 the Balance Sheet of a limited company was as follows :

Liabilities	Rs.	Assets	Rs.
Issued capital (20,000 Shares of Rs. 20 each)	4,00,000	Goodwill	1,00,000
Reserves	70,000	Fixed Assets	4,60,000
10% Debentures	1,00,000	Current Assets	1,40,000
Current Liabilities	1,30,000		
	<u>7,00,000</u>		<u>7,00,000</u>

On 31<sup>st</sup> March, 2017 Fixed Assets and Current Assets were valued at Rs. 5,10,000 and Rs. 1,60,000 respectively. Goodwill of the company is to be assessed three times on the basis of average profit of last five years.

The profit for the last five years were as follows :

31-3-2013	Rs. 54,000
31-3-2014	Rs. 52,600
31-3-2015	Rs. 55,400
31-3-2016	Rs. 53,000
31-3-2017	Rs. 56,000

Calculate the value of a share of the company by Assets Valuation Method. 8

**OR**

(C) The following is the Summarised Balance Sheet as at 31<sup>st</sup> March, 2017 of Wardha Co. Ltd. :

**Balance Sheet**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Issued and Subscribed Capital :		Premises	2,80,000
5,00,000 Shares of Rs. 10 each	5,00,000	Plant	2,65,000
General Reserve	1,25,000	Stock (Market Value	
Profit & Loss A/c	82,500	Rs. 3,75,000)	3,62,500
Bank Overdraft	75,000	Debtors	1,12,500
Creditors	1,2,500		
Provision for Taxation	50,000		
Depreciation Fund Plant	25,000		
Worksmen's Saving A/c	50,000		
	<u>10,20,000</u>		<u>10,20,000</u>

The following are the revalued amounts of Assets :

Goodwill Rs. 3,87,500, Plant Rs. 2,75,000 and Premises Rs. 3,00,000. 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. 1,75,000

31-3-2016—Rs. 2,12,500

31-3-2017—Rs. 2,50,000

Normal profit in this type of Business is 10%.

Calculate fair value and each share of the company. 16

5. (A) Navin Co. Ltd. acquired assets of Wardha Co. Ltd. on following condition :
- (i) To pay Rs. 100 in cash for each share in Wardha Co.
  - (ii) To pay Rs. 600 in cash for each debenture of the Wardha Co. which the debenture-holders will accept in full settlement of their debts.
  - (iii) Three shares of Rs. 100 each at the market price of Rs. 160 per share in exchange of one share in Wardha Company.

**Balance Sheet of Wardha Co.**

	Rs.		Rs.
Share Capital		Land Building	13,50,000
6,000 Shares of Rs. 500 each	3,00,000	Plant	26,15,000
1,300 Debentures of Rs. 500 each	6,50,000	Stock	1,85,000
Sundry Creditors	4,50,000	Sundry Debtors	2,70,000
P & L A/c	4,00,000	Bank	80,000
	<u>45,00,000</u>		<u>45,00,000</u>

Vendor Company discharge its liabilities.

Calculate purchase consideration.

4

- (B) Vaibhav Co. Ltd. goes into voluntary liquidation on 31<sup>st</sup> March, 2017 having assets appearing in the books as under :

Works and other properties	1,80,000
Liquid Assets	20,000

Its liabilities are Rs. 40,000 and its capital (paid up) Rs. 2,00,000. The assets are sold to another company Rs. 1,44,000, Rs. 1,00,000 payable in shares of Rs. 10 each at Rs. 7.50 each to the purchasing company and Rs. 44,000 in cash which are just sufficient to pay the liabilities and cost of liquidation.

Prepare the Balance Sheet of Vendor Company.

4

- (C) Following are the balances on 31-3-2018 in the books of Khaparkheda Power Supply Co. Ltd. :

	Rs.
Building	4,00,000
Cost of Generating Electricity	1,40,000
Cost of Electricity Distributing	20,000
Rent, Rates and Taxes	20,000
Management Expenses	48,000

	<b>Rs.</b>
Depreciation	80,000
Sale of Electricity	5,20,000
Rent of Meters	20,000
Interest on Debentures	40,000
Interim Dividend	80,000
Balance of Net Revenue A/c (31-3-2016)	1,14,000
Prepare Revenue A/c.	4

(D) Following is the Balance Sheet of Madhao Co. Ltd. as on 31<sup>st</sup> March, 2017 :

<b>Rs.</b>		<b>Rs.</b>	
Share Capital		Land & Building	69,750
5,500 Shares of Rs. 20 each	1,10,000	Machinery	1,87,900
General Reserve	41,200	Stock	1,30,000
Profit & Loss A/c	1,80,600	Debtors	16,750
Staff Saving A/c	11,350	Cash in Hand	1,57,450
Workers' Welfare Fund	25,850	Preliminary Exp.	1,250
Creditors	1,94,300		
	<u>5,63,300</u>		<u>5,63,300</u>

Calculate intrinsic value of shares. 4



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## Compulsory Paper—1

Time : Three Hours]

[Maximum Marks : 80

**N.B. :—** (1) **ALL** questions are compulsory.

(2) All questions carry equal marks.

(मराठी माध्यम)

1. (अ) कंपनीचे 'समिश्रण आणि सविलयन' याचा अर्थ उदाहरणासह स्पष्ट करा. तसेच त्यांचे उद्देश कोणते आहेत ?  
8
- (ब) इंग्रजी माध्यमानुसार.  
8
- किंवा
- (क) इंग्रजी माध्यमानुसार.  
16
2. (अ) पुनर्संघटन किंवा अंतर्गत पुनर्निर्माण म्हणजे काय ? पुनर्संघटनेचे उद्देश कोणते आहेत ?  
8
- (ब) इंग्रजी माध्यमानुसार.  
8
- किंवा
- (क) इंग्रजी माध्यमानुसार.  
16
3. (अ) द्विखाते पद्धती म्हणजे काय ? द्विखाते पद्धतीचे गुणदोष स्पष्ट करा.  
8
- (ब) इंग्रजी माध्यमानुसार.  
8
- किंवा
- (क) इंग्रजी माध्यमानुसार.  
16
4. (अ) भागांचे मूल्यांकन म्हणजे काय ? भागांच्या मूल्यांचे प्रकार स्पष्ट करा.  
8
- (ब) इंग्रजी माध्यमानुसार.  
8
- किंवा
- (क) इंग्रजी माध्यमानुसार.  
16
5. (अ), (ब), (क) आणि (ड) सर्व इंग्रजी माध्यमानुसार.  
4×4=16

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## 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.

(हिन्दी माध्यम)

1. (अ) कंपनियों का 'संमिश्रण एवं संविलयन' इसका अर्थ सोदाहरण स्पष्ट कीजिये तथा उसके उद्देश्य कौनसे हैं ? 8  
(ब) अंग्रेजी माध्यम के अनुसार। 8
- अथवा
- (क) अंग्रेजी माध्यम के अनुसार। 16
2. (अ) पुनर्संघटन अथवा अंतर्गत पुनर्निर्माण क्या है ? पुनर्संघटन के उद्देश्य कौनसे हैं ? 8  
(ब) अंग्रेजी माध्यम के अनुसार। 8
- अथवा
- (क) अंग्रेजी माध्यम के अनुसार। 16
3. (अ) द्विखाता पद्धति क्या है ? द्विखाता पद्धति के गुणदोष स्पष्ट कीजिये। 8  
(ब) अंग्रेजी माध्यम के अनुसार। 8
- अथवा
- (क) अंग्रेजी माध्यम के अनुसार। 16
4. (अ) अंशों का मूल्यांकन क्या है ? अंशों के मूल्यों के प्रकार स्पष्ट कीजिये। 8  
(ब) अंग्रेजी माध्यम के अनुसार। 8
- अथवा
- (क) अंग्रेजी माध्यम के अनुसार। 16
5. (अ), (ब), (क) तथा (ड) सभी अंग्रेजी माध्यम के अनुसार। 4×4=16