

B.B.A. (CBCS Pattern) Semester - II  
**UCB2C05 - Financial Accounting - II**

P. Pages : 6

Time : Three Hours



**GUG/S/23/10593**

Max. Marks : 80

- 
- Notes : 1. All questions are compulsory.  
2. All questions carry equal marks.

1. a) Write in details on incorporation of a company. 8

b) The Chanda company Ltd. issued 20000 equity shares of Rs. 100 each for the public subscription and decided to make call shares as under 8

Rs. 20 per share with Application

Rs. 30 per share on Allotment

Rs. 20 per share on First call

Rs. 15 per share on Second Call

Rs. 15 per share on Final Call

Application were received for the 23000 shares out of which application for 3000 shares were rejected in full and application money on there on refunded to applicants. The remaining applicants were allotted shares as per their demand. Company made call on these share upto second call and all the shareholders paid call money without default except Mr. X who allotted 100 share fail to pay from first call. Pass journal entries in the books of Chanda Company.

**OR**

c) The Priyanka Company Ltd. Called applications for allotment of 5,00,000 Equity Shares of Rs. 10 each on which payment was to be made as under:- 16

Rs. 3 per share with Application

Rs. 2 per share on Allotment.

Rs. 2 per share on First call

Rs. 3 per share on Final Call.

Applications were received for 8,00,000 shares. Applicants for 6,00,000 shares were made pro-rata allotment and their excess application money was adjusted towards amount payable on allotment. The application money of those applicants whose applications were fully rejected was returned to Them in full. Mr. 'X' was allotted 2,500 shares. He did not pay amount payable on allotment and when he did not pay on First call also, the company forfeited his shares.

Mr. 'Y' had applied for 6,000 shares. His shares were forfeited as he failed to pay on both the calls. Forfeited shares of X and Y were reissued to Mr. Z at a discount of 10% of the face value of shares.

Pass Journal Entries in the books of the company.

2. a) The following particulars are available in respect of a business carried on by a trader: 8

i) Profit earned for the year

2020 : 1,00,000

2021 : 1,20,000

2022 : 1,10,000

ii) Normal Rate of Profit is 10%

iii) Capital Employed Rs. 6,00,000

iv) The Profit for the year 2021 include a non recurring income of Rs. 18,000

You are required to calculate Goodwill as per Five years purchase of Super Profit.

- b) On 31<sup>st</sup> March, 2022 the balance Sheet of a limited company was as follows-

8

Liabilities	Rs.	Assets	Rs
Issued Capital in Rs. 10 shares	8,00,000	Fixed Assets	10,00,000
Reserves	1,80,000	Current Assets	4,00,000
Profit & Loss A/c	40,000	Goodwill	80,000
5% Debentures	2,00,000		
Current Liabilities	2,60,000		
	<b>14,80,000</b>		<b>14,80,000</b>

On 31<sup>st</sup> March 2022 the fixed assets were independently valued at Rs. 11,00,000 and the goodwill at Rs. 1,00,000.

Compute the value of shares by Net Assets Method.

**OR**

- c) On 31<sup>st</sup> March, 2020 the Balance Sheet of Business firm of Shri Ranjan was as given below.

16

Liabilities	Rs.	Assets	Rs.
Capital	2,00,000	Land & Building	1,87,500
Bills Payable	10,000	Machines	62,500
Trade Creditors	90,000	Debtors	21,000
Unpaid Expenses	2,500	Furniture	21,000
Bank Loan	33,500	Stock	37,500
		Cash in Hand	2,500
		Cash at Bank	4,000
	<b>3,36,000</b>		<b>3,36,000</b>

Profits during the last six years were as under:

Year	Profit	Year	Profit
2014-15	40,000	2017-18	50,000
2015-16	42,000	2018-19	55,000
2016-17	45,000	2019-2020	61,100

On 31<sup>st</sup> March 2020 the assets were revalued as under:

Land and Building Rs. 1,87,500, Machinery Rs. 62,500, Furniture Rs. 5,000 Stock Rs. 37,500.

Mr. Ranjan has given his full time for the management of business has not taken any remuneration so far. The Normal rate of remuneration in similar business is Rs. 7,500 p.a. and the normal rate of return on capital employed is 10% p. a. Find out the value of Goodwill by using

- Capitalization of Average Profit Method and
- Capitalization of super profit method.

3. a) The International Co. Ltd. incorporated on 1<sup>st</sup> July, 2020 to take from the earlier date were to the benefit of the company but interest on the purchase price of Rs. 50,000 was to be paid @ 6% p.a. to the Vendors up to the date of settlement in full on 1<sup>st</sup> Sept., 2020. The following was the statement of Profit & Loss for the year ended 31<sup>st</sup> March, 2021:- 8

Profit & Loss Account

Particulars	Rs.	Particulars	Rs.
To Management Expenses	3050	By Gross Profit	20,000
To Bad Debts	200		
To Directors' Fees	1,000		
To Interest to Vendors	1,250		
To Preliminary Expenses	500		
To Depreciation	1000		
To Net Profit	13,000		
	<b>20,000</b>		<b>20,000</b>

Out of the Bad Debts written off Rs. 100 related to the period prior to incorporation. Apportion the profit earned between the Pre-incorporation and Post-incorporation periods by preparing Profit & Loss Account. The sales were spread evenly over the entire year.

- b) The Bharat Co. Ltd. was incorporated on 1<sup>st</sup> August, 2020 to purchase a running business from 1<sup>st</sup> April, 2020. The company prepared its final Accounts on 31<sup>st</sup> March 2021 when the following information was made available from the profit and Loss account. 8

Profit and Loss Account for the year ended 31<sup>st</sup> March 2021

Particulars	Rs.	Particulars	Rs.
To Rent, taxes & Insurance	18,000	By Gross Profit	2,70,000
To directors' Fees	20,000	By Discount from creditors	25,000
To Salaries & Allowances	51,000	By Interest on Investment.	5,000
To Office Expenses	48,000		
To Commission on sales	12,000		
To Discount on debtors	15,000		
To Bad Debts	3,000		
To Audit Fees	8,500		
To Depreciation	6,000		
To Interest on Debentures	4,500		
To Net Profit	1,14,000		
	<b>3,00,000</b>		<b>3,00,000</b>

The sales during the period 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021 amounted to Rs. 12,00,000 The sales during February and March were one and half times to the average monthly sales of the year, whereas the sales during May & June were only half of the monthly average sales of the year. Prepare Profit & Loss Account showing the division of the profit into (1) Pre-Incorporation Period and (2) post-Incorporation Period.

**OR**

- c) Samapti Co. Ltd. was incorporated on 1<sup>st</sup> July, 2021 to acquire the running business of M/s Puran Brothers w.e.f. 1<sup>st</sup> April, 2021. The Purchase Consideration agreed upon was Rs. 1,75,000 which was paid on 1<sup>st</sup> October, 2021. M/s Puran Brothers were paid interest @5% p.a. on the amount of purchase consideration from the date of acquisition to the date of payment. The Annual Accounts of the company were drawn on 31<sup>st</sup> March, 2022. The Trading and Profit & Loss A/c was as follows-

16

Particulars	Rs.	Particulars	Rs
To opening stock	2,05,000	By sales less Return	4,50,000
To Purchases less Return	3,80,000	By Closing Stock	2,40,000
To Gross Profit C/d	1,05,000		
	<b>6,90,000</b>		<b>6,90,000</b>
To Salaries & Wages	24,000	By gross profit b/d	1,05,000
To Sundry Expenses	11,000	By Rent received	6,500
To Preliminary Expenses	4,000		
To rates & taxes	3,500		
To Discount	900		
To Repairs	1,500		
To Directors Fees	1,200		
To Bad Debts	500		
To Reserve for doubtful debts	2,400		
To Advertisement	1,800		
To Interest to vendors	8,750		
To Depreciation	7,500		
To Net Profit	44,450		
	<b>1,11,500</b>		<b>1,11,500</b>

Following additional information is available:

- 1) The Sales during the first half of the year were 50% of the sales during second half of the year.
- 2) Included in the Bad Debt is the amount of Rs. 250 in respect of the Bad Debts pertaining to the Debtors taken over from the Vendors.

From the information given above calculate:

- a) Pre-Incorporation Profit.
- b) Post-Incorporation Profit

4. a) The share Capital of the Vishwas Traders Ltd. is Rs. 5,00,000 divided into 50,000 Shares of Rs. 10 each. The Creditors of the company gave their consent and approved the resolution for Voluntary Liquidation of the company. The resolution of Liquidation was passed on 31<sup>st</sup> March, 2022. On this date details of Assets and Liabilities were as under-

8

Asset	Book Value (Rs.)	Realisation Value (Rs.)
Machines	2,50,000	2,35,000
Debtors	1,00,000	89,000
Stock	75,000	71,000
Cash	5,000	

The total Creditors of the company are Rs. 2,00,000 of which Creditors of Rs. 25,000 are preferential. The company has issued 6% Debentures of Rs. 2,50,000 and the Debenture holders have Floating Charge on all the Assets of the Company. Up to 31<sup>st</sup> March, 2022, interest of Rs. 7,500 has accrued on these Debentures but the same remained unpaid till date.

The Liquidator settled the claims of Debenture holders including interest upto 30<sup>th</sup> Sept, 2022. On the same day the Liquidator made first and final payment to Unsecured Creditors partially. The Liquidation Expenses amounted to Rs. 2,500. The Liquidator is entitled to a Commission @3% on realized value of Assets and 2% on payment to Unsecured Creditors. Prepare Liquidator's Final Statement of Account.

- b) On 31<sup>st</sup> March, 2019 the Balance Sheet of Chandra Co. Ltd. was as given below.

8

Liabilities:		Rs.
5,000, 10% Preference Shares of Rs. 100 each		5,00,000
Equity Shares of Rs. 10 each Rs. 8 per Share called	8,00,000	
Less : Calls in arrears	<u>-20,000</u>	7,80,000
10% Debenture (floating charge on all assets)		1,00,000
Creditors (Preferential Rs. 4,000 and Creditors having first charge on Building Rs 1,00,000 included)		2,35,000
General Reserve		25,000
Profit & Loss Account		5,000
Liability for Income Tax and VAT		<u>12,000</u>
		<b>16,57,000</b>
Assets :		Rs.
Goodwill		50,000
Building		4,50,000
Plant		8,30,000
Stock in Trade		1,25,000
Furniture		48,000
Debtors		1,42,000
Cash at Bank		8,500
Cash in Hand		<u>3,500</u>
		<b>16,57,000</b>

On the above date the shareholders and the creditors of the company jointly passed a resolution for voluntary liquidation of the company and appointed Mr. Pant as Liquidator. He was to be given a commission of 5% on the sale proceeds of the assets and 3% on payment made to unsecured creditors (excluding preferential Creditors).

Mr. Pant Sold the assets of company as under:

Building	3,00,000
Plant	4,00,000
Stock in trade	75,000
Furniture	25,000

Rs. 1,20,000 were recovered from the debtors. Calls in arrears on equity shares were also received in full. In addition, the liquidator made a final call @ Rs. 2 per share on all the equity share. This final call was fully realized except on 500 shares.

Prepare liquidators find Statement of account.

OR

- c) Gadchiroli Ltd. went onto voluntary liquidation on 30<sup>th</sup> June 2020 the balance sheet as on that date was as follows:

16

Liabilities	Rs.	Assets	Rs.
Share Capital 3000 Equity share capital of Rs. 10 each	30,000	Plant	25,000
1500, 8% Preference share of Rs. 10 each	15,000	Stock	18,000
9% Debentures having a floating charge on the assets of company	10,000	Debtors	14,500
Sundry Creditors	18,000	Bank	500
		P & L A/c (Dr.)	15,000
	<b>73,000</b>		<b>73,000</b>

The Liquidator realized the assets as follows:

Stock & Plant      Rs. 42,000  
Debtors              Rs. 19,000

The dividend on preference shares was paid upto 30 June 2019. Preference shareholders had a right of receiving preference dividend in addition to capital before any payment to equity shareholders but they will have no share in surplus.

Expenses of liquidation amounted to Rs. 2000. Debentures were repaid on 31<sup>st</sup> December, 2010 together with interest which was outstanding from 30/06/2019.

The liquidator is entitled to a remuneration of 2% of the amount paid to unsecured creditors. The process of liquidation was complete by 31<sup>st</sup> December 2020.

Prepare Liquidators statement of account.

5. Write short note.

- a) Types of Shares. 4
- b) Factors affecting on value of shares. 4
- c) Ascertainment of profit prior to incorporation. 4
- d) Types of liquidation. 4

\*\*\*\*\*