

B.B.A. - I CBCS Pattern Semester-II
UCB2C05 - Financial Accounting - II

P. Pages : 4

Time : Three Hours



GUG/W/23/10593

Max. Marks : 80

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

1. a) State the kinds of share capital. **8**

b) Paras Co. Ltd issue 6000 equity share of Rs. 10 each as per. The amount was payable as under: **8**

On application	Rs. 1.50 per share
On Allotment	Rs. 3.50 per share
On First call	Rs. 2.50 per share
On Final call	Rs. 2.50 per share

The company received application for 10,000 share. The directors rejected application for 2000 shares and refunded the application money received thereon. The share were allotted pro-rata basis among the remaining applicant and the excess money received from them on application was transferred to the allotment account. Pass necessary Journal entries in the book of Paras Co. Ltd.

OR

c) 'A' limited company issued for subscription 40,000 shares of Rs. 10 each at par. All the shares issued were applied for and amount were called as under: **16**

Rs. 2. 50	on Application
Rs. 3.00	on Allotment
Rs. 2.00	on First call
Rs. 2.50	on Final call

The Board of directors of a company decided to forfeited the share, who failed to pay the following amounts.

- i) Mr. Gupta holding 2000 shares did not pay allotment money and first call.
- ii) Mr. Sen holding 300 shares did not pay first and final calls.
- iii) Mr. Tiwari holding 400 shares did not pay allotment and both the calls. Give journal entries regarding forfeiture of shares in the books of the Ltd Co.

2. a) Profit earned by a company was as follows. **8**

2014	Rs.60,000
2015	Rs.58,000
2016	Rs.64,000
2017	Rs.62,000
2018	Rs.70,000

The above profit is subject to 50% tax and 5% preference dividend on preferential capital of Rs. 200000. If the goodwill is to the valued at 2 years purchase of 5 year average profit available for equity shareholder, find the value of goodwill.

- b) From the following information calculate the value of Goodwill by four year's purchase of super profit. 8
- Average capital employed in business Rs.7,50,000
 - Net Trading profit of the firm for the past four year were Rs.1,35,600, Rs.1,31,000, Rs. 1,07,000, Rs. 1,27,000
 - Fair remuneration to the partners for their services Rs. 15,400 per annum.
 - Ref of interest expected from capital having regard to the risk involved 12%.

OR

- c) Balance sheet of Sadhana Company Ltd as on 31st March 2018 was as under 16

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Issued capital (50,000 shares of Rs. 10 each)	5,00,000	Fixed assets	5,00,000
Reserve fund	40,000	Current assets	3,00,000
P & L A/c	10,000	Goodwill	20,000
5% Debentures	1,50,000		
Current liabilities	1,20,000		
	8,20,000		8,20,000

On the above date, fixed assets were valued at Rs.6,00,000 and goodwill at Rs.40,000. The profit of previous three years was Rs.60,000, Rs. 1,00,000 and Rs. 80,000 20% profit is to be transferred to general reserve. Average rate of return is 10%. Compute the value of share by

- The net assets method
 - The yield valuation method
3. a) A limited company was incorporated on 1st May 2015. It had taken over a running business with effect from 1st January 2015 total sales of the company for the year ended 31st December 2015 amounted to Rs.1,00,000 out to which sales up to 1st May were to the time of Rs. 30,000. Gross profit to the year was of Rs.25,060. The total expenditure of the year was of Rs.14,982 including Rs. 750 being Directors fees. Calculate profit prior to incorporation and thereafter. 8

- b) Sonali Co. Ltd was incorporated on 1st April 2014 to take over on a going concern, the business carried on by X company business was purchased on 1st January 2014. 8

Particular	Rs.	Particular	Rs.
To stock on 1 st Jan. 2014	90,000	By sales	4,00,000
To purchase	2,60,000	By stock on 31 st Dec. 2014	30,000
To gross profit c/d	80,000		
	4,30,000		4,30,000
To administrative exp.	10,000	By gross profit	80,000
To salary	10,000		
To directors fees	3,000		
To preliminary exp. Written off	5,500		
To selling exp.	40,000		
To net profit	11,500		
	80,000		80,000

Sales during the first quarter amounted to Rs. 1,50,000. Prepare a statement showing the profit prior to and since incorporation.

OR

- c) Renuka Ltd was incorporated on 1st January 2007 with an authorized capital of 50,000 equity share of Rs. 10 each to take over the running business of Sarika enterprises as from 1st October 2006. The following is the summarized profit & loss account for the year ended 30th September 2007. 16

Particulars	Rs.	Rs.
Sales : 1 st Oct. 2006 to 31 st Dec. 2006	60,000	
1 st Jan. 2007 to 30 th Sept. 2007	1,90,000	2,50,000
Less : Cost of sale	1,60,000	
Administration expenses	17,680	
Selling commission	8,750	
Goodwill written off	2,000	
Interest paid to vendor (loan repaid on 1 st Feb. 2007)	3,730	
Distribution exp. (60% variable)	12,500	
Depreciation	4,440	
Directors fees	1,000	
Preliminary expenses	3,300	
Debenture interest	3,200	2,16,600
Net profit		33,400

The company deal with one type of product. The unit cost of sales was reduce by 10% in the post-incorporation period on compared to the pre-incorporation period. Apportion the net profit between pre and post incorporation periods showing the basis of apportionment.

4. a) From the following particular calculate liquidator's remuneration. 8

Assets Realized	4,03,000
Liquidation expenses	1,600
Debenture holders	63,000
Preferential creditors	5,000
Unsecured creditors	98,000
Equity share holders	2,00,000
Preference shareholders (with dividend)	1,32,000

The liquidators remuneration was 2% on the amount realized and 2% on the amount distributed to equity shareholders.

- b) 'X' Co is liquidated. The liquidator has a balance of Rs. 5,21,600 with him after all the external liabilities, including his commission on realization of assets, have been paid. He is still to be paid remuneration at 2% on the amount paid to equity shareholders 8
The company's share capital consisted of:
i) 6% Commutative preference share 200000
ii) Equity share 400000

The preference shareholders were not paid dividend for last 3 year. Find out the amount payable to equity shareholders.

OR

c) Balance sheet of a company under liquidation as follows on 1st Jan. 2014.

16

Balance sheet			
Liabilities	Rs.	Assets	Rs.
Share capital: 4000 equity share of Rs.100 each Rs. 80 called	3,20,000	Fixed Assets	4,00,000
1000 preferential share of Rs.100 each Rs.70 called	70,000	Book debts	3,00,000
Bank loan on mortgage of building & machinery	1,50,000	Profit & loss A/c	1,00,000
Trade creditors	2,60,000		
	8,00,000		8,00,000

Received from sale of Assets on 1-4-2014. Fixed assets Rs.100000, book debts Rs.100000 liquidation expenses paid Rs.4000.

Received on 1-6-2014:

Fixed Assets (final) Rs.200000 debts Rs.100000 on 1-8-2014 final payment of book debts received Rs. 50,000.

Liquidator is to be paid commission at 5% on collection made by him and at 2% on amount paid to equity shareholders. Mortgaged assets were sold by liquidators payment are made from time to time as the cash is received by the liquidator prepare liquidator's final statement of Account.

5. Write in short.

- a) Explain the term of forfeiture of share. 4
- b) State the methods of valuation of goodwill. 4
- c) Explain the term profit prior to incorporation. 4
- d) State the functions of liquidator. 4
