

**B.Com. Part-II (Semester-III) Examination**  
**COMMERCE**  
**(Company Accounts)**

Time : Three Hours]

[Maximum Marks : 80

**Note** :— (1) There are three sections (A, B and C)

(2) Section A—20 marks

Section B—20 marks

Section C—40 marks

(3) All questions are compulsory.

(4) Section B and Section C comprise of short and long questions respectively, one each from respective unit having internal choice from the same unit.

(5) Show necessary working notes wherever necessary.

**SECTION—A**

Choose an appropriate option.

1. The face value of share is called :
 

(a) Book value	(b) Par value
(c) Market Value	(d) None of them
2. Premium received on Issue of share is shown on \_\_\_\_\_ :
 

(a) Liability side of Balance Sheet	(b) Asset side of Balance Sheet
(c) Credit side of P & L A/c	(d) Debit side of P & L A/c
3. Discount on issue of shares is a \_\_\_\_\_
 

(a) Capital loss	(b) Revenue loss
(c) Deferred revenue expenditure	(d) Direct expenses
4. The part of subscribed capital which has been called-up or demanded by the company is called :
 

(a) Issue capital	(b) Subscribed capital
(c) Called-up capital	(d) Paid-up capital
5. Dividend is paid on \_\_\_\_\_ .
 

(a) Issue price	(b) Market price
(c) Face value	(d) Paid-up amount on share
6. Goodwill is \_\_\_\_\_ .
 

(a) Fixed Asset	(b) Current Asset
(c) Intangible Asset	(d) Tangible Asset

7. In Balance Sheet of a company, Fictitious assets like Discount on issue of debentures are shown under the heading \_\_\_\_\_ .
- (a) Fixed Assets (b) Investment  
(c) Current Assets (d) Miscellaneous Expenditure
8. Patent is shown in the Balance Sheet under the head \_\_\_\_\_ .
- (a) Fixed Assets (b) Loans and Advances  
(c) Current Assets (d) Miscellaneous Assets
9. Profit prior to incorporation is the profit earned \_\_\_\_\_ .
- (a) Between the date of incorporation and the date of commencement of business  
(b) Between the date of purchase of business and the date of incorporation  
(c) Between the date of purchase of business and the date of commencement of business  
(d) Between the date of incorporation and date of receipt of commencement of business
10. Rent is divided in ratio while calculating pre-incorporated profit :
- (a) Time ratio (b) Sales ratio  
(c) Adjustment time ratio (d) Purchase ratio
11. Profit prior to incorporation should be credited to \_\_\_\_\_ :
- (a) Goodwill A/c (b) Revenue Reserve A/c  
(c) Capital Reserve A/c (d) None of the above
12. Interest paid to vendor should be divided between pre and post incorporation period in \_\_\_\_\_ :
- (a) Adjustment time ratio (b) Time ratio  
(c) Sale ratio (d) None of the above
13. When two or more companies go into liquidation and new company is formed then it is known as :
- (a) Absorption (b) Amalgamation  
(c) Internal Reconstruction (d) External Reconstruction
14. The excess of purchase consideration over net asset is \_\_\_\_\_ :
- (a) Securities Premium (b) Capital Reserve  
(c) Goodwill (d) Preliminary Expenses
15. Profit on Realization A/c must be transferred to \_\_\_\_\_ :
- (a) Equity shareholder (b) Preference shareholder  
(c) Debenture holder (d) Creditor
16. Value of assets taken over—value of liabilities taken over :
- (a) Lump sum method (b) Net Asset method  
(c) Net payment method (d) Intrinsic value method
17. A Ltd. takes over B Ltd, with an exception of creditors and agrees to pay Rs. 5,00,000 to the share holders of B Ltd. Creditors stood at Rs. 1,00,000, the purchase consideration is to be taken as \_\_\_\_\_ :
- (a) Rs. 5,00,000 (b) Rs. 6,00,000  
(c) Rs. 4,00,000 (d) Rs. 7,00,000

18. A Ltd. takes over B Ltd. and agrees to discharge debentureholders of B Ltd. at the premium of 5%, the premium should be debited in the books of the vendor company to \_\_\_\_\_ :
- (a) Realisation A/c (b) Shareholders A/c  
(c) Profit and Loss A/c (d) Bank A/c
19. Net Assets of R.D. Co. for purchase consideration worth Rs. 2,00,000. At the time of absorption, the company has paid 16,000 equity shares each of Rs. 10 each at 10% premium, then remaining cash will be :
- (a) Rs. 24,000 (b) Rs. 42,000  
(c) Rs. 40,000 (d) Rs. 60,000
20. LDB Co. Ltd's purchase consideration is Rs. 12,345 and Net Assets Rs. 4,568 then \_\_\_\_\_ :
- (a) Goodwill Rs. 7,777 (b) Capital Reserve Rs. 7,777  
(c) Goodwill Rs. 16,913 (d) Capital Reserve Rs. 16,913
- 1×20=20

### SECTION—B

#### (Short answer questions)

1. The Mahendra Trading Co. Ltd. is registered with an authorised capital of 1,50,000 divided into 15,000 shares of Rs. 10 each. Two years back the company issued 15,000 shares which were fully subscribed. To meet the requirement of additional funds for expansion of business, the company decided to issue remaining 7,500 shares at a discount of 10%. It was decided to collect the entire issue price of the shares in one single instalment alongwith application. Applications were received for 7,000 shares only and full allotment was made to application.

Record the above transactions in the journal entries of the company. 4

**OR**

Shankar Company Ltd. issued 35,000 shares of Rs. 40 each, payable as follows :

- On Application Rs. 10 per share
- On Allotment Rs. 5 per share
- On First Call Rs. 10 per share
- On Second Call Rs. 8 per share
- On Final Call Rs. 7 per share

All the shares are subscribed and amount received in full.

Prepare "Bank Account." 4

2. Prepare "Profit and Loss Appropriation Account" of Himanshu Co. Ltd. as on 31<sup>st</sup> March 2018:

Profit of current year	30,52,000
Profit of last year	11,00,200

Proposed dividend :

- On Preference Shares at 9%
- On Equity Shares 15%

Provision for Reserve Fund Rs. 3,70,000

An authorised share capital of the Co. is Rs. 1,00,00,000 which is divided into Equity Shares of Rs. 70,00,000 and Preference Shares of Rs. 30,00,000. 4

**OR**

Prepare Balance Sheet of Mukta Co. Ltd. as on 31<sup>st</sup> March 2018 :

<b>Particulars</b>	<b>Rs.</b>
Equity Share Capital	5,00,000
Land and Building	2,50,000
Furniture	80,000
Bills receivable	12,000
Bills payable	15,000
Sundry creditor	1,58,000
Sundry debtors	97,000
Investment	1,00,000
Cash in hand	2,500
Cash at bank	75,000
Profit & Loss Appropriation (Cr.)	1,10,500
Closing Stock	1,67,000

3. Ram Co. Ltd. was incorporated on 1<sup>st</sup> August 2017. This company took over the running business of Krishna Co. Ltd as from 1<sup>st</sup> April, 2017. The Profit and Loss Account of Ram Co. Ltd for the year ended 31<sup>st</sup> March, 2018 was as follows. 4

Total Sales during the year ended 31<sup>st</sup> March, 2018 were Rs. 6,00,000 out of which sales of Rs. 1,50,000 were during Pre-Incorporation period and the rest during Post-Incorporation period.

Find out of Time Ratio and Sales Ratio. 4

**OR**

Give the proforma of the Profit & Loss Account showing profit prior to and after Incorporation. 4

4. What are the objectives of Amalgamation ? 4

**OR**

Ram Co. Ltd. and Laxman Co. Ltd. carrying on similar business enter into the agreement to amalgamation by formation of a new company Ram & Laxman Co. Ltd. which would take over the assets and liabilities of both the existing companies.

**Balance Sheet of Ram Co. Ltd.**

**As on 31st March, 2018**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Share Capital :		Land and Building	97,000
25,000 shares of Rs. 10 each	2,50,000	Machinery	51,000
Sundry Creditors	51,000	Stock	75,000
		Cash at bank	15,000
		Profit and Loss A/c	63,000
	<b>3,01,000</b>		<b>3,01,000</b>

**Balance Sheet of Laxman Co. Ltd.**

**As on 31st March, 2018**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Share Capital :		Land and Building	80,000
20,000 shares of Rs. 10 each	2,00,000	Machinery	1,01,000
Sundry Creditors	35,000	Stock	55,000
Bill Payable	11,000	Debtors	36,000
Reserve Fund	40,000	Cash at bank	40,000
P & L A/c	26,000		
	<b>3,12,000</b>		<b>3,12,000</b>

Calculate the purchase consideration of Ram Co. Ltd. and Laxman Co. Ltd.

4

5. The Balance Sheet of Akshay Co. Ltd. and Ankita Co. Ltd. as on 31st March, 2018 are as follows :

**Balance Sheet of Akshay Co. Ltd.**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Share Capital :		Fixed Assets	3,50,000
20,000 shares of Rs. 10 each	2,00,000	Investment	2,50,000
General Reserve	2,50,000	Current Assets	3,00,000
Debentures	1,75,000		
Creditors	1,25,000		
Profit & Loss A/c	1,50,000		
	<b>9,00,000</b>		<b>9,00,000</b>

**Balance Sheet of Ankita Co. Ltd.**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Share Capital :		Fixed Assets	1,50,000
9,000 shares of Rs. 10 each	90,000	Current Assets	1,00,000
General Reserve	50,000		
Creditor	50,000		
Bill Payable	20,000		
Profit & Loss A/c	40,000		
	<b>2,50,000</b>		<b>2,50,000</b>

'Akshay' Co. Ltd agreed to absorb 'Ankita' Co. Ltd. The purchase consideration was to be decided on the basis of exchange of shares. For this purpose ascertain the intrinsic value of shares of 'Akshay' Co. Ltd. and 'Ankita' Co. Ltd. 4

**OR**

'Raj' Co. Ltd. decided to absorb 'Ram' Co. Ltd. on the condition that it will pay to the 'Ram' Co. Ltd. Purchase consideration equal to the Net Worth of 'Ram' Co. Ltd.

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Share Capital :		Premises	80,000
12,500 shares of Rs. 10 each	1,25,000	Machinery	55,000
Reserves	25,000	Furniture	25,000
12% Debentures	15,000	Stock	12,000
Sundry Creditors	45,000	Cash at bank	750
P and L A/c	5,500	Cash in hand	750
		Debtors	42,000
	<b>2,15,500</b>		<b>2,15,500</b>

Find out the amount of purchase consideration payable to 'Ram' Co. Ltd. by 'Raj' Co. Ltd. 4

**SECTION—C**

**(Long Answer questions)**

1. The 'Bhim' Co. Ltd. has been registered with the equity share capital of Rs. 1,00,000 being the face value of Rs. 100 per share. The Bhim Co. Ltd. Directors have decided to issue 75,000 shares payable as follows :

On Application	Rs. 15 each
On Allotment	Rs. 15 each
On First Call	Rs. 40 each
On Final Call	Rs. 30 each

Applications were received for 85,000 shares, the excess application were rejected and the application money was refunded :

Remaining all the shares were subscribed to and money received in full.

Pass Journal entries in the 'Bhim' Co. Ltd. books.

8

**OR**

Yavatmal Trading Co. Ltd was incorporated on 31st March, 2018 with an Authorised Share Capital of Rs. 1,50,000 divided into 15,000 shares of Rs. 10 each. The company has offered 25% of its authorised capital for public subscription and decided to make call on shares as under :

Rs. 3 per share with application

Rs. 2 per share on allotment

Rs. 2.50 per share on first call

Rs. 2.50 per share on final call

Applications were received for 4,000 shares out of which applications for 250 shares were rejected and application money received thereon was returned to applicants. The remaining applications were allotted shares as per their demand.

Prepare relevant account in the Bank Account, Share Capital Account & 31st March, 2018 ended year of Balance Sheet. 8

2. The 'Gita' Manufacturing Co. Ltd. is registered with 5,00,000 Equity shares of Rs. 10 each, of which 4,00,000 shares were issued but only 3,00,000 shares were subscribed and fully paid on 31st March, 2018; the trial balance of the company was as under.

Particulars	Dr. (Rs.)	Cr. (Rs.)
Share Capital A/c		30,00,000
Creditors		4,50,000
Bills payable		2,00,000
Building	17,50,000	
Machines	8,00,000	
Loose tools	2,00,000	
Opening stock	7,50,000	
Debtors	8,00,000	
Carriage inward	15,000	
Carriage outward	16,500	
Rent, Rates & Taxes	20,000	
Salaries	1,60,000	
Raw material purchase	7,50,000	
Repairs	25,000	
Furniture	1,50,000	
Bills Receivable	3,00,000	
Printing	12,000	
Bad Debts	29,500	
Gas & Water	7,500	
Coal	59,000	
Sales		30,00,000
Purchase Returns		19,500
Bank A/c	8,00,000	
Cash A/c	25,000	
	<b>66,69,500</b>	<b>66,69,500</b>

Prepare Trading and Profit & Loss Account for the year ended 31st March, 2018 and the Balance Sheet as on that date considering the following Adjustments :

- (i) Closing stock Rs. 7,80,000
- (ii) Depreciation - 6% on machines and 2% on furniture.
- (iii) Provision for outstanding expenses : Rent, Rates & Taxes Rs. 15,000 and Salaries Rs. 20,000
- (iv) R.B.D.D. 2½% on debtors.

8

**OR**

From the following balances of 'Ram' Co. Ltd. prepare Balance Sheet as on 31st March 2018.

<b>Particular</b>	<b>Rs.</b>
Preference Share Capital	1,00,000
Premises	20,000
Building	35,000
Plant & machinery	40,000
Goodwill	12,500
Furniture	5,000
Calls-in Arrear	100
General Reserve	21,000
Loan from Finance Corporation	15,000
Stock	25,000
Provision for taxation	6,800
Sundry Debtors	20,000
Advance (Dr.)	4,270
Proposed dividend	6,000
Profit & Loss A/c (Cr.)	10,000
Cash Balance	3,000
Cash at Bank	24,700
Preliminary Expenses	1,330
Loan (unsecured)	12,100
Sundry Creditors	20,000

8

3. Pawan Co. Ltd., was incorporated on 1st May 2018 to take over the Business of Modern Co.



as going concern from 1st January, 2018. The Profit & Loss A/c for the year ended 31st Dec., 2017 was as follows :

**Pawan Co. Ltd Profit and Loss Account**

<b>Particulars</b>	<b>Rs.</b>	<b>Particulars</b>	<b>Rs.</b>
Rent & Taxes	15,000	Gross Profit	1,55,000
Salaries	38,400		
Director fees	4,600		
Commission	10,000		
Discount	3,500		
Office Expenses	7,500		
Carriage	3,000		
Bank charges	4,500		
Preliminary expenses	6,500		
Bad Debts	2,000		
Net profit	60,000		
	<b>1,55,000</b>		<b>1,55,000</b>

The total turnover for the year ending 31st December, 2018 was Rs. 5,00,000 divided into 1,50,000 for the period upto 1st May, 2017 and Rs. 350,000 for the remaining period.

Ascertain the profit earned prior to incorporation and after incorporation of the company.

8

**OR**

Explain the method of ascertaining the profit prior to incorporation.

8

4. The Dhan Co. Ltd and Parve Co. Ltd. have agreed to Amalgamation. A new company 'Dhan Parve' Co. Ltd. has been formed to take over the combined concern as on 31 December, 2017. After negotiation the financial position of both the companies were as under.

Dhan Parve Co. Ltd. took over the Assets & Liabilities of both the companies at book value.

**Balance Sheet of Dhan Co. Ltd.**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Issue share capital 50,000 equity share of Rs. 100 each full paid	50,00,000	Land & Building	30,00,000
Sundry creditor	8,00,000	Plant & tools	9,00,000
Profit & Loss A/c	5,00,000	Furniture	8,00,000
		Motor van	7,00,000
		Stock	5,00,000
		Sundry Debtor	2,00,000
		Cash at Bank	2,00,000
	<b>63,00,000</b>		<b>63,00,000</b>

**Balance Sheet of Parve Co. Ltd.**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Issue share capital 17,000 equity shares of Rs. 100 each full paid	17,00,000	Land & Building	12,00,000
Sundry creditor	3,50,000	Plant & tools	7,00,000
Reserve Fund	4,50,000	Furniture	5,60,000
Profit & Loss A/c	3,00,000	Motor Van	80,000
		Stock	90,000
		Goodwill	75,000
		Sundry Debtor	60,000
		Cash at Bank	35,000
	<b>28,00,000</b>		<b>28,00,000</b>

Calculation of purchase consideration and opening Balance Sheet of Dhan Parve Co. Ltd. 8

**OR**

Namo Company Ltd. decided to sell its business to Namita Company Ltd. on the day of decision the Balance Sheet of Namo Company Ltd. was as follow :

**Balance Sheet**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Shares capital	7,00,000	Premises	6,00,000
General Reserve	2,25,000	Plant	4,25,000
Trade creditor	2,50,000	Furniture	1,50,000
Bank Loan	1,75,000	Debtors	75,000
Bill Payable	30,000	Stock	1,05,000
P & L A/c	40,000	Cash in hand	65,000
	<b>14,20,000</b>		<b>14,20,000</b>

Namita Co. Ltd. agreed to takeover the Assets of Namo Co. Ltd. as the following prices.

Premises Rs. 4,50,000, plant Rs. 4,00,000 furniture Rs. 1,10,000, debtor Rs. 60,000, Stock Rs. 1,30,000.

'Namita' Co. Ltd. accepted all external liabilities. Goodwill was valued at 35,000. Calculate purchase consideration payable to Namo Co. Ltd. 8

5. 'Sukh' Co. Ltd. decided to absorbed 'Shanti' Co. Ltd. on the condition that is will pay to the 'Shanti' Co. purchase consideration equal to the Net Worth of 'Shanti' Co. Ltd.

**Shanti Co. Ltd. Balance Sheet**

Liabilities	Rs.	Assets	Rs.
Equity share capital 1550 share per share Rs. 100 each	1,55,000	Land and Building	65,000
Reserve	18,000	Motor Van	95,000
10% Debenture	27,000	Machinery	15,000
Sundry creditor	45,000	Furniture	11,000
Bill payable	11,000	Debtor	42,000
		Cash at Bank	17,000
		Cash in hand	8,000
		Profit & Loss A/c	3,000
	<b>2,56,000</b>		<b>2,56,000</b>

Find out the amount of purchase consideration payable to 'Shanti' Co. Ltd. by 'Sukh' Co. Ltd. and Intrinsic value of each share. 8

**OR**

What is a Absorption ? Explain the companies Absorption characteristics. 8