B.B.A.(with Credits)-Regular-Semester 2012 Sem II

0199 - Financial Accounting-II

P. Pages : 4 **GUG/W/16/5110**

Time : Three Hours Max. Marks : 80

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

1. a) Write the meaning of D-mat account. Explain the need of D-mat account. **8**

b) Cipla Co. Ltd. issued 6000 equity shares of Rs. 10 each at per. the amount was payable as unders. **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 shares. The directors rejected applications for 2000 shares and refunded the application money received there on. The shares were allotted pro-rata basis among the remaining applicants and the excess money received from them on application was transfeared to the allotment account .

240 shares were allotted to Mr. Pradhan who failed to pay both the calls rest amounts were received.

Pass necessary journal entries in the books of Cipla Co. Ltd.

OR

c) Applications for 65,000 shares were received from public by Sagar Co. Ltd. Nagpur. Allotment of shares made as follows. (Authorised shares 1,00,000@ Rs. 10) **16**

i) 100% shares to applicants of 40,000 shares.

ii) 50% shares to applicants of 20,000 shares.

iii) No allotment to applicants of 5,000 shares.

A shareholder to whom 500 shares were allotted under category (i) paid full amount due on shares along with allotment money.

Another shareholder holding 1,000 shares failed to pay the amount due on call. His shares were forfeited and 800 of shares were reissued as fully paid up Rs. 8 per share.

Face value of shares are Rs. 10, calls: applications Rs. 3 allotment Rs. 4 (with premium) calls Rs. 4.

Prepare journal entries and Balance sheet.

2. a) The following particulars are available about Maharashtra Co. Ltd. **8**

1) 45,000, 9% preferential shares of Rs. 10 each.
2) 45,000, equity shares of Rs. 10 each.
3) External liabilities Rs. 75,000.
4) Reserve & surplus Rs. 35,000.
5) Average normal profit (after taxation) earned every year by the company Rs. 85,050.
6) The normal return earned by the fully paid equity shares, of the same type of companies is 9%.
7) Out of the total assets, assets worth Rs. 3,500 are fictitious.

Calculate the intrinsic value of share.

b) From the following particular calculate the Faiz value of an equity share. **8**

2,000, 9% pref. share of Rs 100 each	Rs. 2,00,000
50,000, equity share of Rs. 10 each Rs. 8 per share paid	Rs. 4,00,000
Expected annual profit prior to tax	Rs. 2,18,000
Tax Rate	40%
Transfer to General Reserve @ 20% of profit	
Normal Rate of earning is	15%
Intrinsic value of share	Rs. 10.30

OR

c) The following is the Balance sheet of a limited company as on 31st Dec. 1998. **16**

Balance sheet

Liabilities	Amount	Assets	Amount
13,000 equity shares of Rs. 10 each	1,30,000	Good will	17,000
General Reserve	22,000	Land & Building	38,000
5% Debentures	30,000	Plant & Machinery	50,000
Sundry Creditors	20,000	Investment	40,000
Provision for taxation	18,000	Stock	45,000
Profits & Loss A/c. Balance on 1-1-98 4,000 c.y. 46,000	50,000	Debtors	60,000
		Cash & Bank	18,000
		Expenses on issue of debentures	2,000
	2,70,000		2,70,000

Profit includes Rs. 2,000 income from investment, market value of assets – Land & building Rs. 45,000, Plant & machinery Rs. 40,000, investment Rs. 50,000 and current assets are worth book value. You may assume that income tax at the rate of 50% has been payable on the profit. Calculate the value of goodwill on the basis of 3 years purchase of super profit.
N.R.R. on capital employed is 10%.

3. a) Swapnil Co. Ltd. purchased a running business of Lakhani brothers from 1st January 2008. but Swapnil Co. Ltd. was incorporated on 1st April 2008. From the following details find out the profits earned by the company prior to and after incorporation period: **8**

i) From January 2008 to December 2008 total sales was Rs. 2,40,000. The trend of sales was as follows :
January, February, November and December half the average sales in each month.
ii) Cost of goods sold Rs. 60,000
iii) Salaries Rs. 6,000
iv) Bad Debts Rs. 2,400
v) Rent and Taxes Rs. 3,000
vi) Interest on purchase price which was paid to Lakhani Brothers on 1st August 2008 Rs. 2,100
vii) Interest on loan Rs. 1,000
viii) Advertisement Rs. 1,800
ix) Rent from tenants Rs. 1,800
x) Expenses exclusively related to the company Rs. 8,900.

b) A company was incorporated on 1st August 2002 to take over a business from the preceding 1st April 2002. The accounts were made upto 31st March 2003 as usual and the Trading and Profit & Loss Account gave the following results. **8**

Trading, Profit & Loss A/c

Particular	Amount	Particular	Amount
To Opening Stock	14,000	By Sales	1,20,000
To Purchases	91,000	By Closing Stock	15,000
To Gross Profit	30,000		
	1,35,000		1,35,000
To Rent, Rates & Insurance	1,800	By Gross Profit	30,000
To Director's fees	2,000		
To Salaries	5,100		
To Office expenses	4,800		
To Travelers Commission	1,200		
To Discount	1,500		
To Bad debts	300		
To Audit fees	750		
To Depreciation	600		
To Debenture Interests	450		
To Net profit	11,500		
	30,000		30,000

The sales from 1st April 2002 to 31st July 2002 was Rs. 30,000.
Ascertain the profit of pre and post incorporation period.

OR

c) Status Ltd. was incorporated on 1-7-2004. It took over business of a vendor sand sons w.e.f. 1-4-2004. Following information was made available for the year ended 31-3-2005. **16**

Gross profit Rs. 98,000,
Commission Rs. 2,625,
Advertisement Rs. 5,250,
Discount Rs. 350,
Directors fees Rs. 9,000,
Salaries Rs. 18,000,
Depreciation Rs. 2,800,
Insurance Rs. 600,
Preliminary expenses Rs. 700,
Rent and taxes Rs. 3,000,
Bad debts Rs. 1,250,
Interest to vendors (upto 1-10-2004) Rs. 2,000,
Audit and other fees Rs. 2,000,
Bad debts realised (on 1-5-2004) Rs. 500.

Additional Information :

i) Average monthly turnover from September onwards was double than that of average monthly turnover of the first four months. However, in August 2004 the turnover was 150% of the turnover in the following month.

ii) Rent for the first three months was paid @ Rs. 200 per month and there after it was increased by Rs. 50 per month.

iii) Bad debts for the period from September 1, 2004 to March 31, 2005 amounted to Rs. 350.

iv) Audit and other fees was allocated on time basis

You are required to find out amount of profit for pre and post incorporation period.

4. a) From the following particulars, calculate liquidators remuneration. **8**

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

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

b) The following particulars relate to a limited company which has gone into voluntary liquidation. You are required to prepare the liquidator's final account allowing for his remuneration 2% on the amount realised on assets and 2% on the amount distributed to unsecured creditors other than preferential creditors. **8**

Unsecured creditors Rs. 4,48,000
Preferential creditors Rs. 1,40,000
8% Debenture Rs. 1,50,000

The assets realised the following sums :

Cash in hand Rs. 40,000, Land & Building Rs. 2,60,000,
Plant & Machinery Rs. 2,21,000, Fixture & Fitting Rs. 15,000.

The liquidation expenses amount to Rs. 4,000. A call of Rs. 2 per share on the partly paid 20,000 equity shares was made and duly paid except in case of one shareholder owing 500 shares.

OR

c) A company went into liquidation on 31st March 1991, when the following balance sheet was prepared. **16**

Balance Sheet

Liabilities	Amount	Assets	Amount
Authorised Capital 30,000 Shares of Rs. 10 each	3,00,000	Goodwill	50,000
Subscribed and paid up capital 19,500 shares of Rs. 10 each	1,95,000	Lease hold property	48,000
Sundry creditors Preferential 24,200 Partly secured 55,310 Unsecured 99,790	1,79,300	Plant & Machinery	65,500
Bank overdraft (unsecured)	12,000	Stock	56,800
		Sundry Debtors	64,820
		Cash	2,500
		Profit & Loss A/c	98,680
	3,86,300		3,86,300

The liquidator realised the assets as follows :

Lease hold property which was used in the first instance to pay the partly secured creditors prorata Rs. 35,000.

Plant & Machinery Rs. 51,000,
Sundry Debtors Rs. 58,500,
Stock Rs. 39,000.

The expenses of liquidation amounted to Rs. 1,000 and the liquidators remuneration was agreed at 2.5% on the amount realised, including cash and 2% on the amount paid to the unsecured creditors (including preferential creditors)

You are required to prepare the liquidators final accounts.

5. Write short note :

a) Rules of Reissue of shares. **4**

b) Factors influencing valuation of goodwill. **4**

c) Sales base method of incorporation. **4**

d) Compulsory liquidation. **4**

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