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

0213 - Financial Accounting-II

P. Pages : 4 **GUG/W/16/5131**

Time : Three Hours * 0 2 2 7 * Max. Marks : 80

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

1. a) Explain distinction between Private Company and Public Company. **8**

b) The International 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 – **8**
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

Application 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 toward 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 2500 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, relating the forfeiture and Re-Issue of share.

OR

c) The Vidarbha Industries Ltd. was established with an authorised capital of Rs. 15,00,000 divided into 1,50,000 share of Rs. 10 each the company decided to issue 50,000 shares for public subscription and to call amount on shares as under. **16**
On application Rs. 2 per share
On allotment Rs. 3 per share
On first call Rs. 2.50 per share
On final call Rs. 2.50 per share.

Applications were received for 60,000 shares : The Directors of the company rejected applications requesting allotment of 10,000 shares and the application money was fully refunded to the respective applications. The remaining applicants got full allotment as per their request.

The company made all the calls on shares in due course. However –

i) A shareholder holding 1,000 shares did not pay on allotment, first call and final call.
ii) Another shareholder did not pay first call and money on his 1,500 shares.
iii) A third shareholder to whom 500 shares were allotted paid first and final call money in advance alongwith allotment money.

All other shareholders made payment on calls in time.
Pass Journal Entries and Prepare Ledger Accounts in the books of the company. Also prepare balance sheet.

2. a) 'A' decided to purchase a business successfully during the past 12 years. This business earned the profit during the last 6 years as under – **8**

Year	Profits (Rs.)
2004 – 2005	25,000
2005 – 2006	20,000

2006 – 2007	24,000
2007 – 2008	26,000
2008 – 2009	28,000
2009 – 2010	30,000

While purchasing the business it was agreed to make valuation of goodwill at purchase of 2 years average profit of the business for previous 5 years.

Calculate the value of goodwill.

b) In a partnership firm two partners together have invested Rs. 6,00,000 as capital the normal rate of return on capital invested in similar type of business is 12% per annum. The profits of the partnership firm for the last five years alongwith weightage are given below. **8**

Year	Profit	Weightage No.
2005 – 06	80,000	2
2006 – 07	90,000	3
2007 – 08	75,000	1
2008 – 09	1,00,000	4
2009 – 10	1,15,000	5

The partnership firm has decided to sell its business to a company along with good will. The goodwill is to be valued at two years purchase of weighted average super profit. Compute the value of goodwill.

OR

c) The Balance Sheet of Standard Traders Ltd. as on 31st March 2012 was as under : **16**

Liabilities	Amount	Assets	Amount
3000 equity share of Rs 100 each	3,00,000	Land & Building	1,87,500
		Machinery	1,12,500
General Reserve	75,000	Investment (cost) (Market value Rs. 56,250)	67,500
Profit & Loss A/c	37,500		
Creditors	67,500	Debtors	75,000
Provision for Tax	30,000	Stock	56,250
Provident Fund	26,250	Cash at Bank	37,500
	5,36,250		5,36,250

Additional Information :

1) Land & Building and Machinery are valued at Rs. 2,06,250, and Rs. 82,500 respectively.
2) Out of total Debtors Rs. 3,750 are bad.
3) Good will is to be taken at Rs. 37,500.
4) Normal Rate of Dividend declared by such type of company is 15% on paid up capital.
5) The average rate of dividend declared and paid by this company is 18% as paid up capital.

Calculate fair value of share of the Co.

3. a) The Godown of Amit Ltd. destroyed by fire on 17th June 2015. The company should be claim from the Insurance company in respect of value of stock destroyed by the fire the following particulars are as follows. **8**

Stock of closing A/c on 31st Dec. 2014 was value	83,500
Purchased from 1.01.2015 to 19.06.2015	1,12,000
Sales during that period	1,54,000
Wages	1,53,000
Manufacturing expenses	1,22,400
Drawing	8,500

The average Gross profit of 25% is earned on sales. Stock was insured Rs. 30,000 compute the amount of claim.

b) The stock of Orient Company destroyed by fire on 15th April 2015. The value of stock saved by fire Rs. 6,300 following information received from the book of company. **8**

Year	Sales	Gross Profit
2012	4,00,000	72,000
2013	5,10,000	1,02,000
2014	5,50,000	1,21,000

On 31st Dec. 2014 the value of stock was Rs. 52,600 and for current year upto date of fire purchase was Rs. 41,000 sales was Rs. 78,500 and productive wages of Rs. 12,000 other information as per under :

1) On 14th April 2015 goods worth Rs. 3,100 had been received by the godown keeper but had not entered in the purchase book.
2) During the year a clerk had is appropriated unrecorded cash sales. It is estimated that deflection was at Rs. 125 per week on 1st April 2015 company terminate him.
   Ascertain the amount of claim.

OR

c) On 1st July 2015 the Godown Building and business premises of Mr. Hakimchand were affected by fire Mr. Hakimchand had taken a fire Insurance Policy for Rs. 4,00,000 to cover the loss of stock by fire. **16**

From the following information compute the amount of claims.

Purchase for 2014 – 2015	17,76,000
Sales for 2014 - 2015	23,20,000
Purchase (1st April to 30th June 2015)	3,64,000
Sales (1st April to 30th June 2015)	4,80,000
Stock (1st April 2015)	2,88,000
Stock (31th March 2015)	3,96,000
Wages paid for 2014 – 2015	2,00,000
Wages paid & during 1.04.2015 to 30.06.2015	36,000

Upto the end of 31st March 2015 stock had been valued at cost less 10%. The stock salvaged was worth Rs. 16,000 on the date of fire Book Value of Godown Building was Rs. 4,25,000. Stock and half Godown Building destroyed by fire.

4. a) The Sunny Co. Ltd. went into voluntary liquidation on 1st January 2016. The liquidator, whose remuneration is 3% on realisation of assets and 2% on distribution to shareholders, realised all the assets. **8**

The following was the position of the company.

Cash on Realisation of Assets	5,00,000
Expenses on Liquidation	9,000
Unsecured creditors (including salary and wages for one month prior to liquidation Rs. 6,000)	68,000
5,000, 6% preference share of Rs. 30 each. (dividend paid upto 31-12-2014)	1,50,000
10,000 Equity shares of Rs. 10 each Rs. 9 per share called up and paid	90,000
General Reserve as on 31-12-2015	1,20,000
Profit & Loss Account as at 31.12.2015	20,000

Under the Articles of Association of the company, the preference shareholder have a right to receive arrears of dividend and thereafter to receive one third of the surplus remaining after repaying the equity share capital.

Prepare Liquidator's Final Statement of Account.

b) Magnet Wire Co. Ltd. went into voluntary liquidation. The share capital of company consisted of the following. **8**

2000 preference shares of Rs. 100 each, fully paid;
8000 Equity shares of Rs. 100 each, fully paid
6000 Equity shares of Rs. 100 each, Rs. 80 per share paid up.
2000 Deferred shares of Rs. 100 each, Rs. 80 per share paid up.

According to the Articles of Association, for the repayment of capital the preference shares have priority over the equity shares and the equity shares have priority over the equity shares and the equity shares have priority over the deferred shares.

The expenses of liquidation including liquidator's remuneration amount to Rs. 14,000 Sundry Creditors amounted to Rs. 1,78,000 The assets realised amounting to Rs. 3,74,000.

The liquidator made a call of the remaining Rs. 20 on the deferred shares which was paid in full (to adjust the rights of shareholders inter se.)

A call of Rs. 15 per share was made on the equity shares which were partly paid up. This was paid in full with the exception of that on 200 shares.

You are required to prepare liquidator's final statement of account.

OR

c) The Summarised Balance Sheet of United Manufacturing Ltd. as on 31st December 2015 is as follows : **16**

Liabilities	Amt.	Assets	Amt.
Share Capital : 6000, 6% cumulative preference shares of Rs. 100 each, fully paid	6,00,000	Land	2,50,000
		Building	2,70,000
2000 Equity shares of Rs. 100 each fully paid	2,00,000	Machinery	3,50,000
2000, Equity shares of Rs. 100 each, Rs. 50 paid up	1,00,000	Stock	74,500
Bank Loan (Secured on stock and Book Debts)	50,000	Book Debts	30,000
Creditors Dividend arrears on preference shares Rs. 72,000	1,00,000	Cash in hand	500
		Profit & Loss A/c	75,000
	10,50,000		10,50,000

According to the Articles of Association of the company the preference shareholders have right to receive dividend (if declared or not) and share capital at the time of liquidation.

The company went into voluntary liquidation. All fixed assets, book debts and stock realised Rs. 7,50,000 Liquidation expenses were Rs. 500. Liquidator's remuneration was Rs. 4,000.

The Liquidator called up the necessary amount from the partly paid up equity shareholders and the amount duly received on proper time.

Prepare liquidator's final statement of account.

5. a) Explain Equity Shares. **4**

b) Features of Goodwill. **4**

c) Types of the Fire Insurance Policies. **4**

d) Explain Cash Receipts. **4**

****