

(4) The average normal profit (after tax) but before transfer to General Reserve, i.e., 10% earned every year by the company is Rs. 8,505.

(5) The normal profit earned on the market value of equity shares, fully paid, of the same type of companies is 9 percent.

Calculate the fair value of share assuming that out of the total assets worth Rs. 350 are fictitious. (15)

7. Define goodwill. Give a detailed note on the methods of valuation of goodwill. (15)

Roll No.

Total Pages : 4

301203

August/September 2022
BBA (Gen.) II SEMESTER
Company Accounts (BBA-GEN-203)

Time : 3 Hours]

[Max. Marks : 75

Instructions :

1. *It is compulsory to answer all the questions (1.5 marks each) of Part-A in short.*
2. *Answer any four questions from Part-B in detail.*
3. *Different sub-parts of a question are to be attempted adjacent to each other.*

PART-A

1. (a) What is meant buy-back of shares? (1.5)
(b) What is share capital in accounting with example? (1.5)
(c) Convertible debentures (1.5)
(d) Who are underwriters? (1.5)
(e) What are the objectives of preparing final accounts? (1.5)
(f) What do you mean by accounting standards? (1.5)
(g) Redeemable preference shares. (1.5)

- (h) Distinction between Share and Debenture. (1.5)
 (i) Define Earning capacity method. (1.5)
 (j) Factors determining goodwill. (1.5)

PART-B

2. (a) Explain the provisions relating to buy-back shares. Explain the accounting requirement and accounting entries with suitable example. (10)
 (b) Write short note on 'Profit or Loss prior to incorporation' of company with suitable examples. (5)
3. (a) Describe the various method for the redemption of debenture with suitable illustrations. (5)
 (b) Krishan Ltd. issued 5,000, 9% debentures of Rs. 500 each. Pass the necessary journal entries for the issue of Debentures in the books of the company in the following cases :
- When debentures are issued at 10% premium and redeemable at par.
 - When debentures are issued at par and redeemable at 10% premium.
 - When debentures are issued at 5% premium and redeemable at 10% premium.
 - When debentures are issued at a premium of 25% to the vendors for machinery purchased for Rs. 6,25,000. (10)

4. Ram Ltd. makes an issue of 10,000 equity shares of Rs. 100 each, payable as follows :

On application and allotment	Rs. 50
On first call	Rs. 25
On second call	Rs. 25

Members holding 400 shares did not pay the second call and the shares are duly forfeited, 300 of which are re-issued as fully paid at Rs. 80 per share. Pass the journal entries in the books of the company.

Also prepare the Balance sheet. (15)

5. (a) Give the salient features of Indian Accounting Standards AS-4, AS-5. (5)
 (b) What is meant by final accounts of a company? Describe in brief the provisions of Companies Act, 2013 regarding the preparation of final accounts. (10)
6. The following particulars are available in relation to Bharat Ltd. :
- (1) Capital: 450, 6% preference shares of Rs. 100 each fully paid and 4,500 equity shares of Rs. 10 each fully paid.
 - (2) External Liabilities Rs. 7,500.
 - (3) Reserve and Surplus Rs. 3,500.