

Roll No.

Total Pages : 4

213203

May, 2019

**BBA (General) - IInd 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) Distinguish between provision and reserve. (1.5)
- (b) The apportionment of profit or loss of the business between pre-incorporation and post-incorporation periods can be done on time basis only. Comment. (1.5)
- (c) Partly paid-up preference shares cannot be redeemed. Comment. (1.5)
- (d) Define "provision" as per AS 29. (1.5)
- (e) State two methods of redemption of debentures. (1.5)

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- (f) State any typical journal entry for forfeiture of shares. (1.5)
- (g) What is covered under "extra ordinary items"? (1.5)
- (h) Give an example of "event occurring after balance sheet date". (1.5)
- (i) Distinguish between 'cum-interest' and 'ex-interest' quotations. (1.5)
- (j) Distinguish between 'securities premium' and 'share premium'. (1.5)

PART-B

- 2. (a) State the conditions which are required to be satisfied by a company for the purpose of buy-back of shares. (10)
- (b) State two effects of buy back of shares on company's financial statements. (5)

- 3. (a) State the requirement of reporting for Goodwill as per accounting standards. (5)
- (b) The average net profit of a business as adjusted for valuation of goodwill amounted to 2,35,000. The net tangible assets employed were of the value of 14,50,000. But upon valuation, they amounted to 15,00,000. Assuming that 10% represented a fair commercial return, calculate the amount of goodwill by capitalizing super profits. (10)

4. XYZ Ltd. ventured with an issue of 45,00,000 equity shares of 10 each at a premium of 2 per share. The promoters took 20% of the issue and the balance was offered to the public. The issue was equally underwritten by A, B and C. Each underwriter took firm underwriting of 1,00,000 shares. Subscriptions for 31,00,000 equity shares were received with marked applications for the underwriters as given below :

| Underwriter | No. of Shares |
|-------------|---------------|
| A | 7,25,000 |
| B | 8,40,000 |
| C | 13,10,000 |

The underwriters are eligible for a commission of 5% on face value of shares. The entire amount towards shares subscription has to be paid along with application. You are required to – (i) Compute each underwriter's liability (number of shares); and (ii) Compute the amount payable or due to underwriters. Pass necessary journal entries in the books of XYZ Ltd. relating to underwriting. (15)

5. On 1st January, 2017, a company issued 1,000, 12% debentures of 500 each at 450 each. Debenture holders were given an option to get their debentures converted into equity shares of 100 each at a premium of 50 per share. On 31st December, 2018, one year's interest had accrued

on these debentures which were not paid. A holder of 100 debentures informed that he wanted to exercise the option for conversion of debentures into equity shares. The company, therefore, accepted his request and redeemed these 100 debentures by issuing him equity shares. The interest payable on these 100 debentures was also paid to the debenture holder. Pass the necessary journal entries regarding issue and redemption of debentures. (15)

6. (a) What is "related party" and "control" as per AS 18? (5)
- (b) Who is covered under related party relationship? And what needs to be disclosed under AS 18 ? (10)
7. What is "contingent liability" and "contingent asset" as per AS 29? Why contingent liability is not recognised in books according to the standard? (15)
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