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## Unit - IV

8. 'Goodwill is the power of a business to earn the super profits', which method would you suggest for its valuation when profits of the business are continuously increasing?
9. Calculate the value of shares from the following information :
- |   |           |
|---|-----------|
| (i) 8,000 Equity Shares of Rs. 200 each,<br>₹120 paid up                      | 9,60,000  |
| (ii) Reserve and Surplus  | 4,00,000  |
| (iii) Current Liabilities<br>(including provision for taxation)               | 5,00,000  |
| (iv) Fixed Assets<br>(Market value Rs. 12,00,000)                             | 10,00,000 |
| (v) 10% Investments<br>(face value Rs. 2,00,000)                              | 1,60,000  |
| (vi) Current Assets   | 4,20,000  |
| (vii) Preliminary Expenses  | 40,000    |
| (viii) Net Profit of the current year<br>(after 50% taxation)                 | 2,40,000  |
| (ix) Return on net capital employed on such type of<br>other companies is 10% |           |

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BBA 2nd Semester, (N.S.) 2014-17

Examination, May-2023

COMPANY ACCOUNTS

Paper - BBAN-203

Time allowed : 3 hours]

[Maximum marks : 80

*Note: Section-A is compulsory and in Section B attempt four questions by selecting one question from each unit. All questions carry equal marks.*

## Section-A

1. Define the following :
- Profits prior to incorporation
  - Internal Reconstruction
  - Debenture Redemption Reserve
  - Book Building
  - Non-Performing Assets
  - Distinguish between intrinsic value and market value of a share
  - Contingent Liabilities
  - Voluntary Winding up

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**Section-B**

**Unit - I**

2. How profits prior to incorporation is ascertained and how are these such profits dealt with?
3. A company issued, for public subscription, 2000 equity shares of Rs. 10 each at a premium of Rs. 2 per share payable as under : on application Rs. 3 per share; on allotment Rs. 4 per share (including premium); on first call Rs. 3 per share; on 2nd call Rs. 2 per share. Applications were received for 3,000 shares. Allotment was made on pro rata basis for 2400 shares ; the remaining applications were rejected. Money overpaid on applications was utilized towards sum due on allotment. A to whom 40 shares were allotted failed to pay the allotment money and first call money and his shares were forfeited after the first call. B, to whom 60 shares were allotted, failed to pay both the calls. These shares were subsequently forfeited after the 2<sup>nd</sup> call was made. Of the forfeited shares. 80 shares were reissued including all of A's share at Rs. 9 per share. Pass Journal Entries and prepare the Balance Sheet.

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**Unit - II**

4. X Ltd. issued 5,000, 10% Debentures of Rs. 100 each on Jan. 1, 1998. These were to be redeemed on 31<sup>st</sup> Dec, 2000. For this purpose the company established a sinking fund. Investments were expected to earn interest @ 5% per annum. Sinking fund table shows that Rs. .317208 invested annually at 5% would amount to Rs. 1 in three years. On 31<sup>st</sup> Dec., 2000 the bank balance was Rs. 2,10,000 before the receipt of interest on sinking fund investments. On that date investments were sold for Rs. 3,28,000. Investements were made in the multiple of Rs. 100. Show the necessary accounts.
5. Can debentures be issued for consideration other than cash? Give journal entries also.

**Unit - III**

6. Write short notes on the following :
  - (a) Reserves and Provisions
  - (b) Profit and Loss Appropriation Account
  - (c) Unclaimed Dividends
7. What do you understand by Liquidator's Final Statement of Accounts? When is it prepared and how? Explain with imaginary figures of it.

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