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SARDAR PATEL UNIVERSITY**B.Com. (Honours) I-Semester****Tuesday, 12-04-2016****Session: Evening****Time: 02:30 P.M. To 04:30 P.M.****Subject Code: UB01ECOH02****Subject: Accounting for Business- II****Total Marks: 60****Q-1**The Balance Sheet of Jay Ambe Ltd. as on 31st March 2015 was as under:**(15)**

Liabilities	Amount	Assets	Amount
Share Capital:		Goodwill	1,00,000
5,000 Equity Shares of Rs. 100 each	5,00,000		
3,000, 11% Preference Shares of Rs. 100 each	3,00,000	Land	6,00,000
Share Premium	1,00,000	Building	5,00,000
15% Debentures	5,00,000	Furniture	1,50,000
Creditors	2,00,000	Patents	50,000
Directors' Loan	4,00,000	Investment (Market Value Rs. 1,00,000)	2,00,000
		Stock	1,00,000
		Debtors	1,30,000
		Bank Balance	50,000
		Preliminary Expenses	70,000
		Profit & Loss Account	50,000
	20,00,000		20,00,000

The following scheme of Capital Reduction was duly sanctioned by the court:

- 1) Equity Shares are to be reduced to Rs. 10.
- 2) Preference Share Holders waived 10% amount of their share capital.
- 3) Debenture Holders agree to accept 70% as full settlement of their total claim and this will be satisfied by the issue of 14% Debentures of Rs. 100 each.
- 4) 50% of Share Premium Account to be written off.
- 5) Creditors are agree to forgo 30% of their claim.
- 6) The Directors are agree to accept 70% in equity shares, 10% in cash for full settlement of their loan and the balance being waived.
- 7) Goodwill and Patents are to be written off as their realization value is nil.
- 8) Preliminary expenses and Profit & Loss Account are now not be shown in books of account.
- 9) Investments to be valued at Market Price.
- 10) Reduced Land by Rs. 2,00,000 and Building by Rs. 1,50,000
- 11) Furniture to be reduced to Rs. 50,000.

Pass necessary Journal Entries to record the above transactions in the books of the company and prepare Balance Sheet after implementation of the scheme.

OR

Q-1

The following is the Balance sheet of Shri Krishna Ltd. as on 31st March, 2015.

(15)

Liabilities	Amount	Assets	Amount
Issued and Paid up Capital:		Goodwill	1,00,000
2,000 Preference shares of Rs. 100 each fully paid up	2,00,000		
50,000 Equity Shares of Rs. 10 each fully paid up	5,00,000	Land & Building	2,00,000
Bank Overdraft	1,00,000	Plant & Machinery	1,30,000
Sundry Creditors	1,20,000	Patents & Trademarks	30,000
Directors' Fees	30,000	Investments	60,000
		Debtors	1,00,000
		Stock	90,000
		Cash & Bank Balance	10,000
		Underwriting Commission	25,000
		Preliminary Expenses	35,000
		Profit & Loss Account	1,70,000
	9,50,000		9,50,000

The following scheme of reconstruction was duly approved and adopted.

- 1) The Preference Shares were to be reduced to Rs. 50 each fully paid.
- 2) The Equity Shares were to be reduced to Rs. 4 per share fully paid.
- 3) Directors were to forgo their claims on fees due to them.

The amount thus being available would be applied in the following manner:

- a) Plant & Machinery and Stock was to be reduced by 20%.
- b) A Provision for Doubtful Debts was to be made at 10% on Debtors.
- c) Profit & Loss Account and other intangible assets were to be written off.
- d) Investments were to be disposed off at Rs. 50,000 to partly repay the Bank Overdraft therewith.
- e) Expenses of Reorganization amounted to Rs. 4,000.

Pass necessary Journal Entries to record the above transactions and prepare a Reconstruction Balance Sheet.

Q-2

Durga Ltd. of Anand has a branch at Vallabh Vidyanagar. Head Office invoices goods to its branch at cost. The cash collected by branch is sent to head office. All expenses of the branch are paid by the head office. The head office instructs the branch to charge 50% profit on Cost Price. The branch is bound to follow the instruction.

(15)

From the following information, prepare necessary accounts in the books of the head office for the year ended on 31st March, 2015.

Particulars	1 st April, 2014	31 st March, 2015
Debtors	(?)	48,000
Stock	35,000	(?)

Prepaid insurance	500	400
Outstanding Salary	800	1,000
Furniture	2,500	2,250

Other Information:

Particulars	Amount
Goods sent to branch	5,64,320
Goode returned by branch	5,000
Cash Sales	3,15,605
Rent, Taxes, Insurance	35,000
Advertisement Expenses	6,500
Salary	12,300
Goods Returned by customers to branch	6,320
Bad Debts	4,500
Discount given to Debtors	7,000
Cash received from Debtors to branch	5,65,705
Debtors sent cash directly to Head Office	90,000
Other Expenses	5,380
Total Sales	8,20,580

OR

Q-2

Sharvani Ltd. of Anand has a branch at Vallabh Vidyanagar. Head Office invoices goods to branch at an Invoice price being 25% above the cost. The branch makes both cash as well as credit sales and remits all cash received to head office through bank draft on the same day. All expenses of the branch are paid by the head office but for petty disbursements, head office sends petty cash to branch. From the books of head office, following details is available in respect of Vidyanagar branch for the year ended on 31/12/2014. (15)

Particulars	01/01/2014	31/12/2014
Stock of goods (Invoice Price)	35,000	50,000
Debtors	26,000	40,000
Petty Cash	200	400
Furniture	10000	(?)

Transactions during the year:

Particulars	Amount (Rs.)
Cash Sales	40,000
Cash collected from debtors	80000
Discount allowed to debtors	1,000
Bad debts written off	2,000
Goods returned by debtors	4,000
Interest debited to debtors	500
Furniture sent to branch (01/10/2014)	6,000
Goods sent to branch (Invoice price)	1,00,000

Goods returned by branch (Invoice Price)	5,000
Petty cash expenses paid by the branch	1,000
Cash sent to branch for expenses:	
Rent and Taxes	2,400
Salary	3,000
Octroi	600

Depreciate furniture at 10% per annum.

From the following information, prepare necessary accounts in the books of Head office.

Q-3

Shivam Ltd. went into Voluntary Liquidation on 31st March 2015. Balance Sheet on that date was as under: (15)

Liabilities	Amount	Assets	Amount
15% Preference shares of Rs. 100 each	2,00,000	Land & Building	3,00,000
1,000 'A' Equity Shares of Rs. 100 each fully paid up	1,00,000	Plant & Machinery	2,30,000
2,000 'B' Equity Shares of Rs. 100 each, Rs. 50 paid up	1,00,000	Investment	70,000
3,000 'C' Equity Shares of Rs. 100 each, Rs. 40 paid per share 1,20,000 Less: Calls in arrears of Rs. 10 per share 10,000	1,10,000	Stock	30,000
15% Debentures	2,00,000	Debtors	50,000
Outstanding Interest on Debentures	15,000	Cash on hand	10,000
Provident Fund	15,000	Profit & Loss Account	1,10,000
Outstanding Salaries of 3 Clerks for 3 months	4,500		
Creditors	35,000		
Outstanding Income Tax			
2013-14 3,500			
2014-15 2,000	5,500		
Bills Payable	15,000		
	8,00,000		8,00,000

1) Assets were realized:

Land & Building- Rs. 2,50,000, Plant & Machinery- Rs. 1,35,000, Investments- Rs. 50,000, Stock- Rs. 25,000, Debtors- Rs. 40,000.

2) The expenses of liquidation amounted to Rs. 5,000.

3) Liquidator's Remuneration is 4% on assets realized by him and 2% on payment to the Unsecured Creditors.

4) Amount on Calls in Arrears on 'C' Equity Shares received.

5) All payments were made on 30th June, 2015.

Prepare Liquidator's Final Statement of Receipts & Payments.

OR

- Q-3(A) Shiva Ltd. went into Voluntary Liquidation on 30th June, 2014 when its Balance Sheet was as under: (10)

Liabilities	Amount	Assets	Amount
Share Capital: 3,000 Equity Shares of Rs. 100 each fully paid up	3,00,000	Goodwill	25,000
Profit & Loss Account	3,000	Land & Building	2,10,000
8% Debentures	50,000	Machinery	1,65,000
Outstanding Interest on Debentures	4,000	Furniture	3,000
Provident Fund	3,000	Stock	1,70,000
Creditors	2,46,500	Debtors	25,000
Outstanding Income Tax of 2014	3,500	Cash Balance	12,000
	6,10,000		6,10,000

Other Information:

- 1) Debenture Holders were paid on 31st December, 2014.
- 2) Liquidation Expenses amounted to Rs. 1,000.
- 3) The Liquidator's Remuneration is 2% of the amount realized by him & 5% on the amount paid to Preferential Creditors.
- 4) The assets were realized as follows:
Land & Building –Rs. 1,50,000, Machinery –Rs. 1,71,000, Stock –Rs. 1,55,000, Furniture –Rs. 4,000, Debtors –Rs. 23,000.

Prepare Liquidator's Statement.

- Q-3(B) Write a note: Preferential Creditors (05)

- Q-4 Mr. Sick, a Sole Proprietor of Ahmedabad filed his Insolvency Petition on 31st December, 2014. From the following Trial Balance, prepare his Statement of Affairs and Deficiency Account. (15)

Particulars	Debit Balance	Credit Balance
Capital	---	1,50,000
Furniture	15,00,000	---
Loan mortgaged on Furniture	---	12,00,000
Reserves	---	4,50,000
Building	30,00,000	---
Loan secured against Building	---	36,00,000
Stock	7,50,000	---
Cash on hand	7,50,000	---

