

BCOM_SEMESTER-1
UNIT-1 : FINANCIAL ACCOUNTING-1
ASSIGNMENT-1

UNIT-1 : PIECEMEAL DISTRIBUTION OF CASH AMONG PARTNERS

Example-1 : A.B and C are partners in a firm sharing profits and losses in the ratio of 4:3:3. They decided to dissolve the firm on 31st March, 2014

Liabilities	Rs.	Assets	Rs.
<u>Capital Accounts</u>		Goodwill	60,000
A	1,00,000	Building	1,40,000
B	80,000	Furniture	80,000
C	1,20,000	Debtors	1,60,000
A's Loan	60,000	Stock	40,000
B's Loan	40,000	Cash on Hand	60,000
Creditors	20,000	Profit and Loss A/c	60,000
	6,00,000		6,00,000

After keeping Rs. 12,000 as Reserve for Dissolution Expenses; cash is to be distributed as and when realized.

Assets were realized as follows

Installment:

First	Rs. 1,20,000
Second	Rs. 1,22,000
Third	Rs. 2,38,000

Actual Dissolution Expenses amounted to Rs. 10,000

Prepare a statement showing piecemeal distribution of cash as per Surplus Capital Method **OR** Maximum Loss Method.

(HNGU-DECEMBER-2015)

Example-2 : A.B and C were the partners in a firm sharing profits and losses in the ratio of 2:2:1. Due to unavoidable circumstances they decided to dissolve the firm on 31st December, 2015.

Liabilities	Rs.	Assets	Rs.
<u>Capital Accounts</u>		Building	1,80,000
A	1,40,000	Plants	60,000
B	80,000	Debtors	60,000
C	40,000	Stock	40,000
Bank Loan		Cash on Hand	40,000
(Hypothecated)	40,000	Profit and Loss A/c	20,000
Creditors	1,00,000		
	4,00,000		4,00,000

Assets were realized as follows

Installment :

First	Rs. 50,000
Second	Rs. 80,000
Third	Rs. 64,000
Fourth	Rs. 96,000

An amount Rs. 14,000 was kept aside for Dissolution Expenses but Actual Dissolution Expenses amounted to Rs. 10,000

Prepare a statement showing piecemeal distribution of cash as per Surplus Capital Method OR Maximum Loss Method.

(HNGU-NOVEMBER-DECEMBER-2016)

Example-3 : A.B and C were the partners in a firm sharing profits and losses in the ratio of $\frac{1}{2} : \frac{1}{3} : \frac{1}{6}$ respectively . They decided to dissolve the firm on 31st March, 2015. On that date Balance Sheet was as under

Liabilities	Rs.	Assets	Rs.
<u>Capital Accounts</u>		Machine	40,000
A	68,000	Building	60,000
B	32,000	Stock	80,000
C	4,000	Debtors	52,000
General Reserve	24,000	Cash on Hand	16,000
Loan Account: A	24,000		
B	16,000		
Creditors	80,000		
	2,48,000		2,48,000

Realization and Expenses were as under:

Installment	Total (Rs.)	Expenses (Rs.)	Net Amount (Rs.)
First	48,000	4,000	44,000
Second	44,000	2,000	42,000
Third	68,000	4,000	64,000
Fourth	44,000	1,600	42,400
Fifth	20,400	2,400	18,000

Prepare a statement showing piecemeal distribution of cash as per Surplus Capital Method OR Maximum Loss Method.

(HNGU-NOVEMBER-DECEMBER-2016)

Example-4: Shah, Thakkar and Patel were the partners in a firm sharing profits and losses in the ratio of 2:2:1. Due to unavoidable circumstances they decided to dissolve the firm on 31st December, 2016.

Liabilities	Rs.	Assets	Rs.
<u>Capital Accounts:</u>		Building	2,70,000
Shah	2,10,000	Plants	90,000
Thakkar	1,20,000	Debtors	90,000
Patel	60,000	Stock	60,000
Bank Loan		Cash on Hand	60,000
(Hypothecated)	60,000	Profit and Loss A/c	30,000
Creditors	1,50,000		
	6,00,000		6,00,000

Assets were realized as follows

Installment :

First	Rs. 75,000
Second	Rs. 1,20,000
Third	Rs. 96,000
Fourth	Rs. 1,44,000

An amount Rs. 21,000 was kept aside for Dissolution Expenses but Actual Dissolution Expenses amounted to Rs. 15,000

Prepare a statement showing piecemeal distribution of cash as per Surplus Capital Method OR Maximum Loss Method.

(HNGU-NOVEMBER-DECEMBER-2017)

Example-5: Tan, Man and Dhan were the partners in a firm sharing profits and losses in the ratio of 3:2:1 respectively. The firm was dissolved on 31-03-2018. On that date Balance Sheet was as under

Liabilities	Rs.	Assets	Rs.
Capital Accounts		Fixed Assets	1,10,000
Tan	72,000	Stock	50,000
Man	32,000	Debtors	30,000
Dhan	36,000	Cash	10,000
Loan of Man	10,000		
Creditors	50,000		
	2,00,000		2,00,000

The assets were realized in installments and payments were made on the proportionate capital basis Rs. 5,000 were set aside as a reserve for dissolution expenses. While actual dissolution expense amounted to Rs. 4,000 paid on 30-06-2018.

Realization of Assets are as under:

Installment :

On 12-04-2018	Rs. 35,000
On 16-05-2018	Rs. 50,000
On 30-06-2018	Rs. 73,000

Prepare a statement showing piecemeal distribution of cash as per Surplus Capital Method OR Maximum Loss Method.

(HNGU-NOVEMBER-DECEMBER-2018)

Example-6: Sachi, Sanvi and Mahi share profits and losses in the proportion of 4:5:1. Their Balance Sheet dated 31/12/2018 is as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	10,000	Cash	3,000
Sachi's Loan	6,000	Assets	56,000
Sanvi's Loan	3,000		
Reserve Fund	6,000		
Contingency Reserve	4,000		
Capital:			
Sachi	15,000		
Sanvi	12,000		
Mahi	3,000		
	59,000		59,000

The partnership is dissolved and the assets realized as follows:

Installment :

First Rs. 10,000

Second Rs. 20,000

Third Rs. 17,000

- ➔ On the date of the dissolution there was a contingent's liability of Rs. 1,000 against the firm which was settled at Rs. 700 at the time of second installment.
- ➔ Realization Expenses were estimated at Rs. 2,000 but these actually amounted to R. 1,500.
- ➔ Mahi took stock worth Rs. 500 at the time of third installment. The firm was forced to pay Rs. 600 out of third installment for which no provision was made in the books.

Prepare a statement showing piecemeal distribution of cash as per Surplus Capital Method OR Maximum Loss Method.

(HNGU-NOVEMBER-2019)

Due Date of Assignment submission: 31/12/2020 (Thursday)(Online)

UNIT-2

Chapter-2 : Profit Prior to Incorporation

Example-1 : Mihir Ltd. has been incorporated on 1-07-2010 to purchase the business of Mihir, Manish & Manav from 01-01-2010

P & L for the year ended 31-12-2010

Purchase		Rs.	Sales		Rs.
January to March	15,000		January to March	20,000	
April to December	<u>60,000</u>	75,000	April to December	<u>80,000</u>	1,00,000
Gross Profit		25,000			
		1,00,000			1,00,000
To administrative Exp.		10,000	Gross Profit		25,000
To Bad Debts A/c		500	By Share Transfer Fee		50
To Preliminary Exp.		1,300			
To Advertisement Exp.		250			
To Salesman Salary		600			
To salesman Commission		1,000			
To Net Profit		11,400			
		25,050			25,050

Additional Information:

- (1) Cash sales of pre-incorporation period was Rs. 10,000 and cash sales of Post-incorporation period was Rs. 50,000
- (2) Out of Bad Debts Rs. 100 relates to the debtors taken over from Mihir, Manish and Manav and remaining relates to business that has started from 1-1-2010.
- (3) Administrative Expenses include Rs. 1,000 for Director's Fees.

Prepare Statement showing pre-incorporation and post-incorporation profit or loss.

(HNGU- December-2011)

Example-2 : The Saurav Traders Ltd. Purchased a running business of a partnership firm as on 1st January, 2011. The company was incorporated on 1st May, 2011. The following are the particulars for the year ended 31st December, 2011.

- 1) The turnover for the whole year ended on 31-12-2011 amounted to Rs. 48,00,000 out of which Rs. 8,00,000 related to the period from 1-1-2011 to 1-5-2011.
- 2) The Trading Account showed a Gross Profit of Rs. 19,20,000.
- 3) The following items appear in Profit and Loss account.

Director's Fees	Rs. 30,000
Auditor's Fees	Rs. 15,000
Rent and Rates	Rs. 96,000
Staff Salaries	Rs. 2,40,000
Bad Debts	Rs. 40,000
(out of which Rs. 14,000 related to debtors before 1-5-2011)	
Debenture Interest	Rs. 1,20,000
Depreciation on Plant and Machinery	Rs. 72,000
Preliminary Expenses	Rs. 48,000
General Expenses	Rs. 36,000
Commission on Sales	Rs. 72,000
Printing and Stationery	Rs. 48,000

From the above information, prepare statement showing

- (1) Pre-incorporation profit and
- (2) Post-incorporation profit.

(HNGU- November/December-2012)

Example-3 : The Sabar Ltd. Purchased a running business of a partnership firm as on 1st April, 2012. The company was incorporated on 1st August, 2012. The following are the particulars for the year ended 31st March, 2013.

- 1) Total sales for the year ended on 31-3-2013 amounted to Rs. 10,00,000 out of which Rs. 2,00,000 related to the period from 1-4-2012 to 1-8-2012.
- 2) The Trading Account showed a Gross Profit of Rs. 3,60,000.
- 3) The following items appear in Profit and Loss account.

Director's Fees	Rs. 4,000
Audit Fees	Rs. 2,000
Rent and Rates	Rs. 15,000
Salaries	Rs. 40,000
Bad Debts	Rs. 6,000
(out of which Rs. 1,500 related to debtors before 1-8-2012)	
Debenture Interest	Rs. 20,000
Depreciation	Rs. 15,000
Preliminary Expenses	Rs. 10,000
General Expenses	Rs. 4,000
Commission on Sales	Rs. 12,000
Printing and Stationery	Rs. 5,000

From the above information, prepare statement showing

- (1) Pre-incorporation profit and
- (2) Post-incorporation profit.

(HNGU- November/December-2013)

Example-4 : Find out Gross Profit for the pre and post-incorporation period. From the following information:

Sales :	Prior Period	Rs. 1,20,000
	Post-incorporation Period	Rs. 3,60,000
	Cost of sales	Rs. 3,88,500

The unit cost of sales reduced by 10% in post incorporation period as compared to pre-incorporation period.

(HNGU- November/December-2014)

Example-5 : Ambica Company Ltd. was incorporated on 1-05-2013 to take over the business of Deesa Traders from 1-1-2013, the details on 31-12-2013 were as following:

P & L for the year ended 31-12-2010

Particulars	Rs.	Particulars	Rs.
Office Exp.	31,950	Selling Expenses	21,600
Carriage outwards	12,000	(25% Variable)	
Rent	78,000	Debenture Interest	5,000
Preliminary Expenses	3,000	Bad Debts (Rs. 550 upto 1-	1,500
Directors Fees	10,000	5-2013)	
Salary	18,000	Interest on purchase price	3,000
		(Purchase Price paid on 1-6-	
		2013)	
		Interest received Rs. 25,000	
		after 1-7-2013	

Additional Information:

- (1) Advertisement Expenses Rs. 7,500 is included in office expenses.
- (2) Average Monthly sales of last six months were three times as of average monthly sales of first six months.
- (3) Gross Profit Rate during the year is same and it is 25% of the cost price, annual sales being Rs. 7,50,000

Prepare Statement showing pre-incorporation and post-incorporation profit or loss.

(HNGU- November/December-2014)

Example-6 : Rahul Ltd. Purchased a running business of a partnership firm as on 01-01-2014. The company was incorporated on 01-4-2014. The following are the particulars for the year ended 31-12-2014.

- 1) The total sales of the year ended on 31-12-2014 amounted to Rs. 30,00,000 out of which Rs. 6,00,000 related to the period from 1-1-2014 to 31-03-2014.
- 2) The Gross Profit showed by Trading Account for the year ending on 31-12-2014 is Rs. 12,00,000.

The following items appear in Profit and Loss account.

Director's Fees	Rs. 30,000
Audit Fees	Rs. 3,750
Rent and Rates	Rs. 97,500
Employees Salaries	Rs. 1,80,000
Debenture Interest	Rs. 45,000
Formation Expenses	Rs. 15,000
General Expenses	Rs. 30,000
Commission on Sales	Rs. 60,000

From the above information, prepare statement showing

- (1) Pre-incorporation profit and
- (2) Post-incorporation profit.

(HNGU- November/December-2015)

BCOM_SEMESTER-1

SUBJECT : FINANCIAL ACCOUNTING-1 (CE-101-A)

ASSIGNMENT-2

UNIT-2 : CH-3 : SHARE CAPITAL

Example-1 : Dhruv Company issued prospectus inviting applications for 20,000 Equity shares of Rs. 100 each at a premium Rs. 20 Per share payable as under :

On Application	Rs. 20
On Allotment	Rs. 50 (Including Premium)
On First Call	Rs. 20
On Second Call	Rs. 30

Application were received for 30,000 shares and allotment made pro-rata to the applicants of Rs. 24,000 shares and the remaining applications were refused and the amount was refunded. Money over-paid on applications was to be transferred to allotment Account.

Bhavya to whom 800 shares were allotted, failed to pay the allotment money and Kavi, to whom 1,000 shares were allotted failed to pay the two calls. These shares were forfeited after making second call.

All the shares were sold to Ravi, credited as fully paid, for Rs. 90 per share.

Pass necessary Journal Entries in the books of the Company.

(HNGU-DECEMBER-2015)

Example-2 : Bhagvati Limited issued 20,000 Equity shares of Rs. 10 each at a discount of 10% to public. Applications were received for double shares.

Amount payable as under :

On Application	Rs. 2.00
On Allotment	Rs. 3.00
On First Call	Rs. 2.50
On Second Call	Rs. 1.50

Share were to be allotted as under :

- (1) To refuse allotment to applications for 12,000 shares.
- (2) To give full allotment to applications for 4,000 shares.
- (3) To allot the remaining shares pro-rata among remaining applicants.

Bhavesh who was allotted 800 shares pro-rate failed to pay the due on allotment and first call . So his shares were forfeited after first call and all the shares were reissued at Rs. 7.00 per share as fully paid. Then the final call was made which was fully paid.

Pass necessary Journal Entries in the books of the Company.

(HNGU-DECEMBER-2015)

Example-3 : Authorized share capital of Hardi Company Limited is Rs. 60,00,000 divided into 60,000 equity shares of Rs. 100 each. Company issued 50% shares for the public at a premium of 40%.

Amount was called as under :

On Application	Rs. 20
On Allotment	Rs. 30 (Including Premium)
Remaining Amount	In two equal installments

Company received applications two times of the shares issued. Allotment of the share applications was made as under:

(1) Allotted full shares	8000
(2) Allotted $1/5^{\text{th}}$ shares of the applications	4,000
(3) Allotted $2/3^{\text{rd}}$ shares of the applications	<u>18,000</u>
	<u>30,000</u>

Remaining applications were rejected and the amount received on applications was refunded. Excess amount received on applications was credited towards the amount due on allotment and call.

Bhavy, who was allotted 1,000 shares fully paid the full amount of installments at the time of allotment.

Kiran who was allotted 400 shares on the basis of $2/3$ of the applications, failed to pay the allotment money and his shares were forfeited after making first call. Forfeited shares were reissued at Rs. 90 per share as fully paid up. Then the second call was made which was fully subscribed.

(HNGU-NOVEMBER-DECEMBER-2016)

Example-4 :DHRUV CO. Limited issued 14,000 Equity shares of Rs. 100 each at a discount of 5% to public for which applications for 23,000 shares were received for double shares.

Amount payable as under :

On Application	Rs. 20
On Allotment	Rs. 25
On First Call	Rs. 30
On Second Call	Rs. 20

Share were to be allotted as under :

- (1) To refuse allotment to applications for 6,000 shares.
- (2) To give full allotment to applications for 2,000 shares.
- (3) To allot the remaining shares pro-rata among remaining applicants.

Chandni who was allotted 480 shares pro-rata failed to pay the due on allotment and first call. The Board of Directors forfeited after first call and all the shares were reissued to Ravi at Rs. 88.00 per share as fully paid.

Gita who applied for 400 shares and who was allotted shares on pro-rata basis did not pay the first and final call. The Board of Directors forfeited the shares after final call was making and were reissued at a discount of 10%. Pass necessary Journal Entries in the books of the Company.

(HNGU-NOVEMBER-DECEMBER-2016)

Example-5 : Hardi Company issued 10,000 Equity shares of Rs. 100 each at a premium Rs. 50 Per share payable as under :

On Application	Rs. 30
On Allotment	Rs. 80 (Including Premium)
On First Call	Rs. 20
On Second Call	Rs. 20

Applications were received for 18,000 shares of which applications for 3,000 shares were rejected. Allotment was made pro-rata to the remaining applications. The excess application money was retained.

Ravi to whom 200 shares were allotted, failed to pay the allotment, first and final calls money and Kavi, to whom 100 shares were allotted failed to pay the two calls.

These shares were forfeited and all forfeited shares were re-issued at Rs. 80.

Pass necessary Journal Entries in the books of the Company.

(HNGU-NOVEMBER-DECEMBER-2017)

Example-6 : X Limited issued 10,000 Equity shares of Rs. 100 each at a discount of 10% to public.

Amount payable as under :

On Application & Allotment	Rs. 30
On First Call	Rs. 40
On Second Call	Rs. 20

All the moneys were received except final call money on 100 shares of a member, which were forfeited. Out of forfeited shares, 50 shares were re-issued at Rs. 50 per shares.

Pass necessary Journal Entries in the books of the Company.

(HNGU-NOVEMBER-DECEMBER-2017)

Example-7 : Maya Limited issued 20,000 Equity shares of Rs. 100 each at a discount of 10% to public. Applications were received for double shares.

Amount payable as under :

On Application	Rs. 20
On Allotment	Rs. 30
On First Call	Rs. 25
On Second Call	Rs. 15

Share were to be allotted as under :

- (1) To refuse allotment to applications for 12,000 shares.
- (2) To give full allotment to applications for 4,000 shares.
- (3) To allot the remaining shares pro-rata among remaining applicants.

Mamta who was allotted 400 shares pro-rate failed to pay the due on allotment and first call . So his shares were forfeited after first call and all the shares were reissued at Rs. 70 per share as fully paid. Then the final call was made which was fully paid.

Pass necessary Journal Entries in the books of the Company.

(HNGU-NOVEMBER-DECEMBER-2018)

Example-8 : A Company issued 2,000 Equity shares of Rs. 10 each at a premium Rs. 2 Per share payable as under :

On Application	Rs. 2
On Allotment	Rs. 5 (Including Premium)
On First Call	Rs. 2
On Second Call	Rs. 3

Applications were received for 2,400 shares and allotment made pro-rata. Money over-paid on applications was to be transferred to allotment Account. Not received amount information is below:

- (A) 80 shares were allocated not pay allotment money.
- (B) 100 shares were allocated not pay first and final calls money.

All shares were forfeited after second call and re-issued at Rs. 8 per share.

Pass necessary Journal Entries in the books of the Company.

(HNGU-NOVEMBER-2019)

Date of submission (online) : 15/01/2021

BCOM_SEMESTER-1
SUB : FINANCIAL ACCOUNTING-1 (CE-101-A)
ASSIGNMENT-3

UNIT-3_CH-4: BUSINESS PURCHASE

Example-1 : Krishna Ltd. purchases the business of firm of Raam and Shyam on 1-4-2013. The balance sheet of the firm as on that date is as under :

Liabilities	Rs.	Assets	Rs.
Capital A/c		Goodwill	14,000
Raam 1,00,000		Patent	6,000
Shyaam <u>60,000</u>	1,60,000	Machinery	1,12,000
General Reserve	8,000	Motor-car	30,000
Bank Loan	24,000	Stock	20,000
Creditors	20,000	Cash and Bank	20,000
Bills Payable	16,000	Prepaid Expenses	10,000
		Advertisement	
		Suspense A/c	16,000
	2,28,000		2,28,000

Condition for business purchase were as under :

- (1) The company has not taken over motor car and bills payable.
- (2) The Machinery is valued at Rs. 1,00,000 and patent is valued Rs. zero
- (3) The purchase consideration was fixed at Rs. 1,60,000.
- (4) Purchase consideration is to be paid in 10,000 equity shares of Rs. 10 each at a price of Rs. 15 and the remaining amount to be paid in cash.
- (5) The remaining 10,000 equity shares are issued by the company to the public at a premium of Rs. 5 each.

Pass necessary Journal Entries in the books of the company and prepare initial Balance Sheet of the company.

(HNGU-APRIL-MAY-2014)

Example-2 : The Balance Sheet of Ram and Krishna on 31-3-2014 is as under :

Liabilities	Rs.	Assets	Rs.
Capital A/c		Building	2,00,000
Ram 2,40,000		Machinery	80,000
Krishna <u>1,60,000</u>	4,40,000	Investments	10,000
Profit & Loss A/c	30,000	Stock	60,000
Bank Loan	10,000	Debtors	92,000
Creditors	50,000	Bills Receivables	24,000
Bills Payable	20,000	Bank Balance	44,000
	5,10,000		5,10,000

Vishnu Ltd. was incorporated to take over the above business. The terms of purchase of business are as follows :

- (1) Goodwill of the firm to be valued at Rs. 50,000
- (2) Building and stock were taken over at Rs. 2,40,000 and Rs. 50,000 respectively and the remaining assets were taken at book values.
- (3) All the liabilities except bank loan are to be accepted by the company. Firm's dissolution expenses were Rs. 4000 which was borne by the company.
- (4) Purchase consideration is to be paid in 20,000 fully paid equity shares of Rs. 10 each at 20% premium, 6% Rs.1,50,000 debentures and the rest amount in the cash.
- (5) Preliminary Expenses of the company amounted to Rs. 6,000.

Pass necessary Journal Entries to record above transactions in the books of Vishnu Ltd. and prepare opening Balance Sheet of new company.

(HNGU-APRIL-MAY-2016)

Example-3 : The following is the Balance Sheet of Tejas Brothers as on 31-3-2015

Liabilities	Rs.	Assets	Rs.
Capital A/c		Building	1,58,400
A 1,32,000		Machinery	1,05,600
B <u>96,800</u>	2,28,800	Investments	
Workmen Profit Sharing		(M.V. 35,200)	26,400
Fund	8,800	Stock	96,800
Workmen Compensation		Debtors 74,800	
Fund	13,200	Less : Bad Debt <u>4,400</u>	
Bank Loan	1,76,000		70,400
Creditors	22,000	Less : BDR <u>8,800</u>	61,600
Bills Payable	8,800	Prepaid Expenses	2,200
		Cash	6,600
	4,57,600		4,57,600

On 1-4-2015 Bharat Ltd. was incorporated with an authorized capital of 4,400 equity shares of Rs. 100 each to take over the running business of the above firm.

Conditions for business purchase:

- 1) The value of building as show in the books is 10% less than market price.
- 2) Stock is overvalued by 10%
- 3) Debtors are subject to 10% B.D.R.
- 4) The purchase consideration is to be satisfied by issuing 1760 equity shares of Rs. 80 paid up at the rate of Rs. 120 and Rs. 41,360 to be paid in cash.
- 5) The company has issued remaining shares to the public at Rs. 80 paid up at the rate of Rs. 120.

Pass necessary journal entries for the above transactions in the books of Bharat Ltd. and also prepare initial Balance Sheet of the company.

(HNGU-APRIL-MAY-2016)

Example-4 : Shivshankar Co. Ltd. was formed on 1st January,2018 with an authorized capital of Rs. 5,00,000 divided into 20,000 10% cumulative preference shares of Rs. 10 each and 30,000 equity shares of Rs. 10 each to acquire the going concern of M/s. Shivshankar. The balance sheet of the firm was as under on that day.

Liabilities	Rs.	Assets	Rs.
<u>Capital A/c</u>		Land & Building	50,000
Shiv	1,50,000	Plant & Machinery	70,000
Shankar	1,00,000	Furniture & Fittings	10,000
Reserve Fund	30,000	Patents	30,000
Creditors	20,000	Stock	80,000
		Debtors 50,000	
		Less : BDR <u>1,000</u>	49,000
		Cash & Bank	11,000
	3,00,000		3,00,000

- 1) The company agreed to pay the purchase price in 20,000 Equity shares of Rs. 10 each fully paid up.
- 2) 12,000 Preference Shares of Bs. 10 each.
- 3) The balance of both kinds of shares issued to the public and paid for by them with the exception of 1,000 shares on which Rs. 3 per share was not paid.

Give Journal Entries to record the above transactions and prepare the Balance Sheet of the company.

(HNGU-APRIL-MAY-2017/2018)

Example-5 : Gaurang Ltd. was formed on 1-4-2011 to acquire the running business of M/s Bhavik and Chirag with authorized capital of Rs. 4,50,000 divided into 4,500 Equity shares of Rs. 100 each. The Balance Sheet of old firm as on 31-03-2011 disclosed the following position:

Liabilities	Rs.	Assets	Rs.
Capital A/c		Building	60,000
Bhavik	1,20,000	Machinery	75,000
Chirag	75,000	Stock	52,500
Reserve Fund	30,000	Debtors	57,000
Creditors	45,000	Investments	36,000
Bills Payable	15,000	Cash	4,500
	2,85,000		2,85,000

The terms of purchase of business are as follows:

- (1) Purchase Consideration was to be satisfied by issue of 1,800 fully paid up equity shares of Rs. 100 each at 20% premium, 6% Rs. 30,000 Debentures and remaining balance in cash.
- (2) All the liabilities of the firm to be taken over.
- (3) Building and Stock were taken over at Rs. 67,500 and Rs. 48,000 respectively and remaining assets were taken at book values.
- (4) Goodwill of the firm to be valued at Rs. 22,500
- (5) Dissolution expense of the firm Rs. 1,500 borne by the Gaurang Co.
- (6) Preliminary Expenses of the company amounted to Rs. 2,000.
- (7) Remaining equity shares of Rs. 10 each at 20% premium offered to public and all money received.

Pass necessary journal entries in the books of company from the above transactions and Prepare Balance Sheet.

(HNGU-OCTOBER-2019 MODIFIED)

Date of submission (online) : 15/01/2021

BCOM_SEMESTER-1

SUBJECT : FINANCIAL ACCOUNTING-1 (CE-101-A)

ASSIGNMENT-4

UNIT-4_CH-5: COMPANY FINAL ACCOUNTS

Example-1 : The Trial Balance of Jay Ltd. as on 31-3-2014 was as under:

Debit Balance	Rs.	Credit Balance	Rs.
Opening Stock	1,40,000	Equity Share Capital	12,00,000
Purchases	18,60,000	12% Pref. Share Capital	3,00,000
Good Returned	80,000	10% Redeemable Deb.	3,00,000
Land and Building	8,00,000	Sales	32,00,000
Plant & Machinery	6,00,000	Goods returned	60,000
Debtors	4,00,000	Creditors	2,00,000
Octroi	1,80,000	Loan of Director	40,000
Selling and Distribution Exp.	40,000	Interest of Investments	16,000
Carriage outward	16,000	Staff Pension Fund	16,000
Wages	6,80,000	Bills Payable	20,000
Administrative Expense	1,90,000	Fixed Deposits	48,000
Vehicles	1,20,000	General Reserve	1,40,000
Telephone Deposit	20,000	Share Forfeiture A/c	20,000
Interest on Debentures	12,000	Profit and Loss A/c	60,000
Investments	3,00,000	(01-04-2013)	
Discount on Debentures	80,000		
Loose Tools	12,000		
Bills Receivables	40,000		
Cash and Bank	50,000		
	56,20,000		56,20,000

Additional Information :

- (1) Authorized Capital of the company is as under: 15,000 Equity shares of Rs. 100 each and 12% 3,000 Pref. shares of Rs. 100 each.
- (2) Closing Stock is valued at Rs. 2,80,000
- (3) Depreciate Land and Building by 5%, Plant and Machinery by 10% and Vehicles by 20%.

FACULTY NAME : PROF. SHAILESH S. BARIA
ASSISTANT PROFESSOR, GCC-VADALI

- (4) Interest receivable on investments is Rs. 14,000
 - (5) Provide Bad Debts Reserve on debtors by 5%.
 - (6) Transfer Rs. 40,000 to General Reserve.
 - (7) The directors have proposed 10% Dividend on Equity share capital.
 - (8) 10% Redeemable Debentures are to be redeemed on 31-03-2021.
- Prepare Vertical Final Accounts of the company as per Companies Act-2013.

(HNGU-DECEMBER-2015, 2018 BY HALF AMOUNT)

Example-2 : The following is the Trial Balance of Jay Ltd. as on 31st March, 2015

Debit Balance	Rs.	Credit Balance	Rs.
Deb.Sinking Fund Investment	75,000	Equity Share Capital	4,00,000
Debenture Discount	5,000	General Reserve	1,00,000
Building	7,50,000	Deb. Redemption Fund	75,000
Plant & Machinery	5,00,000	Profit & Loss A/c	1,00,000
Furniture	1,12,500	(1-4-2014)	
Stock (1-4-2014)	90,000	Securities Premium	50,000
8% Central Govt. Loan		10% Debenture	
(Face Value Rs. 1,00,000)	97,500	(Repayable on 31-3-19)	1,00,000
Debtors	1,00,000	Unclaimed Dividend	7,500
Cash and Bank	7,000	Creditors	80,000
Purchase	12,50,000	Bank Overdraft	34,000
Interest on Debentures	7,500	Sales	22,50,000
Other Admin. Expenses	1,25,000	Unpaid Salary	7,500
Office Expenses	17,500	Interest on D.R.F.	
Director's Fees	11,500	investment	7,500
Sales & Dist. Expenses	12,500	Bad Debt Return	2,500
Salary	50,000	Bills Payable	11,000
Bad Debts	5,000		
Bills Receivables	9,000		
	32,25,000		32,25,000

Additional Information :

- (1) Closing Stock Rs. 72,500. This defective stock required repairing of Rs. 1,500
- (2) Provide Depreciation @ 10% on Building and Furniture and @ 20% on Machinery.
- (3) Provision for income tax is to be made @ 40% of the net profit of the year.
- (4) Provide Bad Debts Reserve on debtors by 5%.
- (5) Interest on Debenture is payable every year on 30th June and 31st December.
- (6) Unrecorded credit sales amounted to Rs. 9,000, write off Rs. 1,500 as bad Debts and Provide Bad Debt Reserve @ 5% on Debtors.
- (7) The Board has proposed the following appropriations :
 - 1) General Reserve Rs. 37,500
 - 2) Debenture Redemption Fund Rs. 25,000
 - 3) Dividend of Equity Share Capital Rs. 20 per share.

Prepare Vertical Final Accounts of the company as per Companies Act-2013.

(HNGU-NOVEMBER-DECEMBER-2016)

Example-3 : The Trial Balance of Jay Co. Ltd. as on 31st March, 2016.

Debit Balance	Rs.	Credit Balance	Rs.
Call-in-Arrears	500	Equity Share Capital	10,00,000
Land (at cost)	5,00,000	Sales	17,74,500
Building (at cost)	5,00,000	Investments income	2,700
Plant & Machinery (at cost)	7,50,000	12% Debentures	5,00,000
Leasehold Property (at cost)	2,50,000	Sundry Creditors	2,22,500
Furniture (at cost)	50,000	Profit & Loss A/c	1,00,000
Stock (01-04-2015)	1,25,000	(1-4-15)	
Purchase	12,87,500	General Reserve	5,00,000
Managing Director's		(1-4-2015)	
Remuneration	25,000	Capital Reserve	1,500
Investments (at cost)	50,000	Unclaimed Dividend	6,000
Interest on debentures	60,000	<u>Provision for</u>	
Sundry Debtors	4,25,000	<u>Depreciation</u>	
Interim Dividend Paid	50,000	<u>(31-3-2015) :</u>	
Bank Balance	3,50,000	On Leasehold Property	1,12,500
Cash in hand	5,300	On Building	1,00,000
Administrative Expenses	1,51,400	On Plant-Machinery	2,50,000
		On Furniture	10,000
	56,20,000		56,20,000

Additional Information :

- (1) Authorized Capital of the company is Rs. 25 Lakhs, divided into 2.5 Lakh Equity shares of Rs. 10 each.
- (2) Provide Depreciation on Fixed Assets as follows:
 - a. On Land and Building at 5% on written down value
 - b. On Plant and Machinery at 20% on written down value.
 - c. On Furniture at 10% on written down value.
 - d. On Lease hold property was purchased on 1st April, 2006 for Rs. 2,50,000 for a period of 20 years.
- (3) Tax deducted at source on investment income Rs. 300
- (4) Provision for taxation is to be made at 40% of the net profit.
- (5) The Directors have recommended the following appropriations:

FACULTY NAME : PROF. SHAILESH S. BARIA
ASSISTANT PROFESSOR, GCC-VADALI

- (a) Final Dividend at Rs. 2.00 per share including the interim dividend already and paid.
 - (b) Transfer Rs. 25,000 to General Reserve.
- (6) Closing stock as on 31st March, 2016 is valued at market price Rs. 5,00,000 where as its cost is Rs. 3,50,000
- Prepare Vertical Final Accounts of the company as per Companies Act-2013.

(HNGU-NOVEMBER-DECEMBER-2017)

Example-4 : The Trial Balance of Sachi Ltd. as on 31-03-2019 was as under.

Particulars	Debit (Rs.)	Credit (Rs.)
Equity Shares	-	12,00,000
12% Preference Shares	-	3,00,000
10% Redeemable Debentures	-	3,00,000
Opening Stock	1,40,000	-
Purchase and Sales	18,60,000	32,00,000
Goods Return	80,000	60,000
Land and Building	8,00,000	-
Plant and Machinery	6,00,000	-
Debtors and Creditors	4,00,000	2,00,000
Octroi	1,80,000	-
Selling and Distribution Expenses	40,000	-
Carriage Outward	16,000	-
Wages	6,80,000	-
Administrative Expense	1,70,000	-
Vehicles	1,20,000	-
Directors's Fees	20,000	-
Loan From Director	-	40,000
Interest of Debentures	12,000	-
Interest on Investments	-	16,000
Staff Pension Fund	-	16,000
Investments	3,00,000	-
Discount of Debentures	80,000	-
Bills	72,000	-
Fixed Deposits	-	20,000
General Reserve	-	48,000
Share Forfeiture A/c	-	1,40,000
Cash and Bank	50,000	-
Profit and Loss A/c (01-04-2018)	-	60,000

FACULTY NAME : PROF. SHAILESH S. BARIA
ASSISTANT PROFESSOR, GCC-VADALI

Additional Information:

- (1) Closing stock value at Rs. 2,80,000
- (2) Depreciation: Land and Building by 5%, Plant and Machinery by 10% and Vehicle by 20%.
- (3) Interest receivable on investments is Rs. 14,000
- (4) Provide Bad Debts Reserve on Debtors by 5%
- (5) Transfer of Rs. 40,000 to General Reserve.
- (6) The Director has proposed 10% Dividend on Equity share capital.
- (7) 10% Redeemable Debentures are to be redeeming on 31-03-2025.

Prepare Final Accounts of the company as per Companies Act-2013.

(HNGU-NOVEMBER-2019)

Date of submission (online) : 15/01/2021