



MAX-010-001306

Seat No. _____

B. B. A. (Sem. III) (CBCS) Examination

November/December – 2016

Corporate Accounting-I
(New Course)

Faculty Code : 010

Subject Code : 001306

Time : $2\frac{1}{2}$ Hours]

[Total Marks : 70

- Instructions : (1) Give answer of all the questions in answer book.
(2) Show working note as part of your answer.
(3) All questions carry equal marks.

1 “MADHAV CONSTRUCTION COM. LTD” obtained **14**

necessary license for construction and sale of flats. As a part of financing the project, 50,000 equity shares of Rs. 10 each were issued at per on the following terms.

Value of each shares is payable as follows :

On application Rs. 3, On allotment Rs. 4, On first call Rs. 2,
On final call Rs. 1

Applications were received for 60,000 shares. Allotments were made on the following basis.

- (a) To applicants for 10,000 shares in full
- (b) To applicants for 20,000 shares – 15,000 shares
- (c) To applicants for 30,000 shares – 25,000 shares

All excess amounts paid on application to be adjusted against amount due on allotment, the shares were fully called and paid up except amounts of allotments, first and final call not paid by those who applied for 2,000 shares out of the group applying for 20,000 shares.

All the shares on which calls were not paid were forfeited by the B.O.D.

1,000 forfeited shares were reissued as fully paid on receipt of Rs. 8 per share.

Show the journal entries including those relating to cash and show share capital, capital reserve and forfeited shares accounts as will appear in the resulted balance sheet.

OR

- 1 Amidhara Ltd. issued 1,00,000 equity shares of Rs. 10 each at premium of Rs. 50 per share for public subscription. The company called for the amount on the shares including premium in four equal instalments. 14

The company received the applications for the shares as stated below and the company allotted the shares as stated against the same.

	Applications for the shares received	No. shares allotted
A	10,000	Nil
B	2,00,000	90,000
C	1,00,000	10,000

The shares application amount was refunded to them whose applications for shares were rejected. Those applicants who were allotted shares their excess application money were kept by the company as calls in advanced as required and remaining amount was refunded to them.

A shareholder holding 900 shares could not pay the last call money and his shares were forfeited by the company after giving due notice.

These forfeited shares were reissued to Shivangi at a premium of Rs. 100 per share and the company received the amount on the same.

Journalize the above transactions in the books of company.

2 On 31st March, 2016 the balance sheet of Krishna Limited stood as follows :

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Liabilities	Rs.	Assets	Rs.
Share capital :			
Authorized share capital	20,00,000	Fixed Assets :	
Issued and Subscribed:		Land and Building	5,00,000
1,00,000 equity shares		Plant and Machinery	10,00,000
of Rs. 10 fully paid	10,00,000	Furniture and fixtures	3,90,000
4500, 12% redeemable		Investments	
preference share of Rs. 100		Units of Unit	
each fully paid	4,50,000	Trust of India	1,45,000
Reserve and Surplus		Current Assets :	
Capital Reserve	12,500	Loan and advance :	
Share Premium	20,000	Stock	9,10,200
General Reserve	8,30,500	Debtors	1,42,800
Profit and Loss A/c.	3,87,000	Cash in hand	8,500
Current Liability and		Cash at Bank	1,02,500
Provision		Unexpired wages	1,000
Sundry Creditor	1,50,000		
Bill's payable	1,00,000		
Provision for taxation	2,50,000		
	32,00,000		32,00,000

On 1st May, 2016 in order to redeem its all preference shares at a premium of 5%, the company issued 20,000 equity shares of Rs. 10 each at a premium of 10% and sold all of its investments in the unit's for Rs. 1,58,000.

After the redemption of the preference shares; the company issued one fully paid equity shares of Rs. 10 as Bonus for every four shares held by its members.

Show the journal entries for all the transactions and prepare the balance sheet of the company.

OR

2 What is the meaning of Buy Back of shares ? Explain **14**
briefly about advantages and limitations of Buy Back.

3 Following are extract of the balance sheet of **14**
Muralidhar Ltd. as on 31st March 2016.

50,000 equity shares are of Rs. 100 each Rs. 80 per share
paid Rs. 40,00,000

General reserve Rs. 15,00,000 Profit and Loss account
Rs. 3,00,000

Capital reserve created by revaluation of fixed assets
Rs. 5,00,000

Share premium Rs. 2,50,000 and dividend equalization
fund Rs. 13,50,000.

The BOD has taken following decision :

- (1) To give bonus to shareholders to make the shares fully paid.
- (2) To give 2 shares of Rs. 100 each as bonus for every 5 shares held to existing shareholders.

You have been asked to pass necessary journal entries to put the above decision into action. Also prepare balance sheet immediately afterward.

OR

3 The balance sheet of Krishna Ltd. as 31st March 2016 is **14**
given below :

Liability	Rs.	Assets	Rs.
Issued and paid up share capital 20,000 equity shares of Rs. 10 each	2,00,000	Freehold property	2,00,000
Profit and Loss A/c.	1,80,000	Stock-in-Trade	1,20,000
6% Debentures	1,20,000	Sundry Debtors	1,00,000
Sundry Creditors	1,00,000	Cash and Bank Balance	1,80,000
	6,00,000		6,00,000

It was resolved at the Annual General Meeting of the company :

- (1) To pay dividend of 10%
 - (2) To issue one bonus for every four share held.
 - (3) To give existing shareholders the option to buy one Rs. 10 shares of Rs. 14 for every four shares held prior to bonus distribution.
 - (4) Half 6% debentures are redeemed with 5% premium.
- All the shareholders took up the option in (3) above. Prepare appropriate journal entries and drew up the balance sheet after the above transation have been given effect (to ignore taxation).

4 Navghan Ltd. issues the following debentures. 14

Write journal entries at the times of redemption in each following case using the method of Redemption out of Profit in the Book's of Co.

- (1) 1000, 12% debentures of Rs. 100 each at par redeemable at a premium of 5% after 10 years.
- (2) Company issued 8,000 12% debentures of Rs. 100 each at a discount of 5%, to be redeemable at premium of 5%.
- (3) 500 ; 10% debentures of Rs. 100 each at a discount of 10% but repayable at a premium of 5% after 10 years.

OR

4 (a) Write note – Types of Debentures 7

(b) Method's for redemption of debenture. 7

5 Speciment formate of balance sheet for vertical presentation 14
of final accounts.

OR

5 The following is the Trial Balance of

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“Radhe Shayam Co Ltd.” as on 31st March, 2016.

Particular	Debit Rs.	Credit Rs.
Stock : 1 st April 2015	75,000	-
Purchase Returns	-	10,000
Sales and Purchases	2,45,000	3,40,000
Wages	30,000	-
Discount	-	3,000
Carriage inwards	950	-
Furniture and Fitting	17,000	-
Salaries	7,500	-
Rent	4,000	-
Sundry expenses	7,050	-
Profit and loss accounts (2015)	-	15,000
Dividends paid for (2014-15)	9,000	-
Share capital	-	1,00,000
Debtors and Creditors	27,500	17,500
Plant and Machinery	29,000	-
Cash at Bank	46,200	-
General Reserve	-	15,500
Patent and Trade Mark	4,800	-
Bills Receivable and Bills Payable	5,000	7,000
	5,08,000	5,08,000

Prepare Trading Accounts, Profit and Loss Account and Profit and Loss Appropriation account for the year ended 31st March, 2016 and balance sheet at that date :

- (1) Stock on 31st March, 2016 was valued at Rs. 88,000.
- (2) Make a provision for income tax @ 50%
- (3) Make provision for doubtful debts amounting to Rs. 510.
- (4) Depreciate plant and machinery at 15%, Furniture and Fitting at 10%, and Patents and Trade Marks at 5%.

- (5) On 31st March, 2016 outstanding rent amounted to Rs. 800 while outstanding salaries total Rs. 900.
 - (6) The board of directors proposes a dividend at 15% per annum for the year ended 31st March, 2016.
 - (7) Make provision for general reserve Rs. 1,418.
 - (8) Provide for managerial remuneration at 10% of the net profits before tax.
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