



**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 14  
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.

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

On 1<sup>st</sup> 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 briefly about advantages and limitations of Buy Back. 14

3 Following are extract of the balance sheet of Muralidhar Ltd. as on 31<sup>st</sup> March 2016. 14

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 31<sup>st</sup> 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 transaction 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  
"Radhe Shayam Co Ltd." as on 31<sup>st</sup> March, 2016.

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Particular	Debit Rs.	Credit Rs.
Stock : 1 <sup>st</sup> 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 31<sup>st</sup> March, 2016 and balance sheet at that date :

- (1) Stock on 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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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