



HDB-010-001306 Seat No. _____

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

November/December – 2017

Corporate Account - I

(Old Course)

Faculty Code : 010

Subject Code : 001306

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

[Total Marks : 70

- Instructions :** (1) All questions are compulsory.
(2) All questions carry equal marks, 14 marks,

- 1 A Vibrant Limited made a public issue of 10,00,000 equity shares of Rs. 10 each at a discount of Re. 1 per share, payable as follows :
- On application and allotmentRs. 3
On first callRs. 4
On second callRs. 2
- Mr. Amit holding 10,000 shares does not pay the second call. His shares are forfeited. Out of these shares, 5,000 shares are reissued as fully paid up @ Rs. 5 per share.
- Pass necessary journal entries in the books of the company and also prepare forfeited shares account.

OR

- 1 Gujarat Ltd. issues 14,00,000 shares of Rs. 10 each at discount of 5% payable as under :
- On application Rs. 2
On allotment Rs. 2.50
On first call Rs. 3
On second call Rs. 2

The company received 23,00,000 shares applications and allotment was made as follows :

- (a) Applications of 6,00,000 shares were rejected fully
- (b) Applications of 2,00,000 shares were allotted fully.
- (c) Remaining shares were allotted pro-rata.

Money over paid on applications was transferred to allotment and surplus, if any will be refunded. Mr. Kathiyawadi was allotted 48,000 shares on pro-rata, did not pay the allotment money due to which his shares were forfeited and were reissued at Rs. 8.80 per share as fully paid.

Journalize the transactions in the books of the company.

- 2 The following is the balance sheet of Saurashtra Ltd. as on 31.3.2017.

Liabilities	Amount Rs.	Assets	Amount Rs.
5,000 equity shares of Rs. 100 each	5,00,000	Fixed Assets	4,00,000
1,500 10% preference shares (Rs. 100 each Rs. 80 paid up)	1,20,000	Stock	1,00,000
P & L Account	1,00,000	Debtors	1,00,000
Creditors	30,000	Bank	1,50,000
	7,50,000		7,50,000

The company issued 800 equity shares of Rs. 100 each at a premium of Rs. 25 per share to redeem 10% preference shares at a premium of 10%. All payment was made except to holders of 100 preference shares as they did not pay final call of Rs. 20 per share.

Journalize the transactions and prepare new balance sheet after redemption.

OR

- 2** Write note on the following : (any two)
- (a) Objectives Buy-back of shares.
 - (b) Prohibition of Buy-back of shares
 - (c) Legal provisions of Buy-back of shares
 - (d) Advantages of Buy-back of shares.
- 3** Explain advantages and disadvantages of issuing Bonus shares in detail.

OR

- 3** Write note on any two from the following :
- (a) Procedure for issuing bonus shares
 - (b) Provisions regarding issue of right shares.
 - (c) Sources of Bonus shares
 - (d) SEBI's guidelines for issuing bonus shares
- 4** Give journal entries for issue as well as for redemption of debentures in each of the following cases :
- (a) On 1.1.2012, Rajkot Ltd. issued 1,00,000 15% debentures of Rs. 100 each at Rs. 120; redeemable at 10% premium on 31.12.2016.
 - (b) On 1.1.2011, Ahmedabad Ltd. issued 10,000 11% debentures of Rs. 10 each at Rs. 9; redeemable at par on 31.12.2015.
 - (c) On 1.1.2013, Surat Ltd. issued 5,000, 9% debentures of Rs. 50 each at par, redeemable at 12% premium on 31.12.2016.

OR

4 Kutch Ltd. had issued 4,000, 10% debentures of Rs. 100 each redeemable on 31st December, 2016 at a premium of 5%. The company offered the following three options to the debenture holders :

- (i) 12% preference shares of Rs. 10 at Rs. 12
- (ii) 14% debentures of Rs. 100 at par
- (iii) Redemption in cash

The options were exercised as under :

- (1) Option A was accepted by holders of 1200 debentures
- (2) Option B was accepted by holders of 1200 debentures
- (3) Option C was accepted by holders of 1600 debentures

Give journal entries for

- (1) Issue of debentures
- (2) Redemption of debentures.

5 Following is the trial balance of Khambhat Ltd. for the year ended 31.3.2016.

Particulars	Debit Bal.	Credit Bal.
Stock (opening)	1,86,420	-
Purchase and sales	7,18,210	11,69,900
Goods returned	12,680	9,850
Productive wages	1,09,740	-
Production expenses	19,240	-
Carriage Inward	4,910	-
18% bank loan	-	50,000
Interest on Bank loan	4,500	-
Office salary	17,870	-

Auditor Fees	8,600	-
Director's remuneration	26,250	-
Preliminary expenses	6,000	-
Freehold assets	1,64,210	-
Plant and Machinery	1,28,400	-
Furniture	5,000	-
Loose tools	12,500	-
Debtors and creditors	1,05,400	62,220
Cash on hand	19,530	-
Bank balance	96,860	-
Taxes paid in advance	84,290	-
P & L A/c.	-	38,640
Share capital	-	4,00,000
	17,30,610	17,30,610

Adjustments :

- (1) Outstanding expenses for office salary Rs. 1,200 and production wages Rs. 1,890.
- (2) Value of closing stock is Rs. 1,24,840.
- (3) Valuation of loose tools Rs. 10,000.
- (4) Depreciate plant and machinery at 15% and office furniture at 10%.
- (5) Write off third portion of preliminary expenses.
- (6) Provide 50% of net profit as taxation.

OR

5 The following is the trial balance of Zalawad Ltd. as on 31.3.2017

Particulars	Debit Rs.	Credit Rs.
Opening Stock	75,000	-
Purchase returns	-	10,000
Purchase and sales	2,45,000	3,40,000
Wages	30,000	-
Discounts	-	3,000
Carriage inwards	950	-
Furniture and fittings	17,000	-
Salaries	7,500	-
Rent	4,000	-
Sundry expenses	7,050	-
Profit and Loss Account (2016)	-	15,000
Dividend paid for 2016-17	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 trademark	4,800	-
Bills	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, 17 and balance sheet at that date. Take into consideration the following adjustments :

- (1) Stock on 31st March, 2017 was valued at Rs. 88,000

- (2) Make a provision for doubtful debts amounting to Rs. 510.
 - (3) Depreciate plant and machinery at 15% furniture and fittings at 10% and patents and trade-marks at 5%.
 - (4) On 31st March, 2017 outstanding rent amounted to Rs. 800 while outstanding salaries totalled Rs. 900.
 - (5) Make a provision for general reserve Rs. 1,418.
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