



HDB-161100010308 Seat No. _____

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

November/December – 2017

Corporate Accounting - I

(New Course)

Time : 3 Hours]

[Total Marks : 70

- 1 Shree Ram Ltd. issued 2000 equity share of Rs. 10 each 14
at 10% discount. Application for 4500 shares were received
from applicants. The amount called as under :

On Application Rs. 2 per share On allotment Rs. 4 per share
On first call Rs. 2 per share On final call Rs. 1 per share

The following resolution is passed regarding allotment :

“To reject the applications for 500 shares, to distribute the
remaining shares proportionately and to adjust the excess
money received on application to share allotment account.”

Shri Mohan, who holds 40 shares pays only the amount on
application. Shri Sohan, who applied for 120 shares, pays on
application and allotment. After demanding first call, the
shares of both are forfeited after due procedure being adopted.

Of the shares 60 shares were sold to Magan @ Rs. 7 per share
as fully paid up. The reissued shares include 30 shares of
Mohan and 30 shares of Sohan.

Then the final call was which was fully paid.

Journalize the transaction.

OR

- 1 (a) A company forfeited 100 shares of Rs. 10 each 6
issued at premium of 10%, Rs. 8 per share (with
premium) has been called up. These shares were forfeited
due to non payment of allotment Rs. 4 and first call of
Rs. 2 per share. These shares were reissued as fully paid
on payment of Rs. 900/-. Write journal for forfeiture and
reissue of shares.

- (b) A Ltd. purchases the following assets of B Ltd. and 4
for that it issues 20000 equity shares of Rs. 100 each
fully paid up. Write journal entries.

Land and Building	Rs. 800000	Stock of goods	Rs. 500000
Motor Car	Rs. 300000	Machinery	Rs. 200000

- (c) X Ltd. purchases the production business of Z Ltd. 4
and in exchange it issues 100000 equity share of Rs.
10 each. Details are as

Land and Building	Rs. 800000	Stock of goods	Rs. 300000
Motor Car	Rs. 300000	Creditors	Rs. 200000

- 2 The balance sheet of Amidhara Ltd. as on 31.3.2016 is as 14
follows :

Liabilities	Amount	Assets	Amount
2000 equity share of Rs. 100 each fully paid	2,00,000	Land	1,00,000
500, 7% redeemable preference share of Rs. 100 each Rs. 80 per share paid up	40,000	Buildings	82,500
500, 8% redeemable preference share of Rs. 100 each fully paid up	50,000	Plant	50,000
Security Premium	5,000	Investments	35,000
General Reserve	37,500	Stock of goods	50,000
P and L A/c.	17,500	Debtors	45,000
Creditors	40,000	Bank	27,500
	3,90,000		3,90,000

On 31st March 2016, the company decided to redeem both classes of preference shares at 10% premium after complying with the provisions laid down under Sec. 80 of Companies Act, 1956.

For this purpose, required number of equity shares of Rs. 100 each are issued at par. Bank balance is to be maintained Rs. 15000 in the business. Investment shown in balance sheet sold for Rs. 30000. All preference shareholders paid amount in full.

Amidhara Ltd. then decided to utilize the reserve arising out of the redemption, for issuing fully paid bonus share to its equity share holders.

Pass necessary journal entries in the books of the company and redraft the balance sheet.

OR

- 2 (a) Buy Back of share 7
 (b) Provision of Companies Act for redemption of preference share. 7

- 3 The balance sheet of Aesha Ltd. is as follows : 14

Liabilities	Amount	Assets	Amount
10000 equity shares of Rs. 10 each	1,00,000	Land and Building	75,000
P and L Account	70,000	Stock of goods	50,000
5% Debenture	60,000	Debtors	25,000
Creditors	30,000	Bank	1,10,000
	2,60,000		2,60,000

It was resolved at annual general meeting :

- (i) To pay a dividend of 10% free of Tax. (T.D.S. at 20%)
- (ii) To issue one bonus share of Rs. 10 each for every 4 shares held by share holder.
- (iii) Before giving bonus, present share holders are offered right to buy 1 share of Rs. 10 at Rs. 12.5 per share for each four share held.
- (iv) To repay the debentures at a premium of 3%.

All the share holders have accepted offer no. (iii)

Pass necessary journal entries and redraft balance sheet after the transactions are completed.

OR

3 What is Bonus shares ? Give the sources of Bonus Share. **14**
Write detailed note on guidelines for issue of Bonus Share.

4 Sandeep Ltd. has issued 12.5%, 5000 debentures of **14**
Rs. 100 each at 6% discount on 1.7.2010 which are repayable
in five annual equal instalments. The accounting year of the
company ends on 31st March every year.
Prepare Debenture Discount account from the above
information.

OR

4 The Indian Ltd. felt that its own funds are not enough **14**
for expansion of business and so for rising borrowed funds,
it issued 30000 debentures of Rs. 100 each, having a
mortgage on plant on following terms :

- (i) Debenture will be issued at 10% discount.
- (ii) Debenture will be redeem at 20% premium.
- (iii) Debenture can be redeem anytime after 10 years by giving 6 months notice.

The company will give following options for redemption.

- (i) 10% preference share of Rs. 100 each to be issued at 20% premium.
- (ii) Equity share of Rs. 100 each to be issued at Rs. 12 per share.
- (iii) 15% new debentures of Rs. 100 each to be issued at 10% discount.
- (iv) Payment in cash

The application for offers for redemption of debenture were as follows :

- (i) Holders of 10000 debenture accepted preference share.
- (ii) Holders of 12000 debenture accepted equity share.
- (iii) Holders of 6000 debenture accepted new debentures.
- (iv) Holders of 2000 debenture accepted cash.

Write journal entries for issue and redemption of debenture in the books of the company.

- 5 Give the specimen of Vertical form of Balance Sheet with 14 imaginary figures.

OR

- 5 The following is the Trial Balance of Ram-Krishna Limited 14 as on 31.3.2016.

Particulars	Debit Rs.	Credit Rs.
Purchase and Sales	4,90,000	6,80,000
Returns	-	20000
Opening Stock	1,50,000	-
Wages	60,000	-
Carriage for purchase	1,900	-
Discounts	-	6,000
Furniture	34,000	-

Salaries	15,000	-
Rent	8,000	-
Sundry Expenses	14,100	-
P and L A/c. (31.3.2015)	-	30,000
Dividend paid for 2014-2015	18,000	-
Equity share of Rs. 10 each fully paid up	-	2,00,000
Debtors and Creditors	55,000	35,000
Cash and Bank	92,400	-
Plant and Machinery	58,000	-
General Reserve	-	31,000
Patents	9,600	-
Bills of Exchange	10,000	14,000
	10,16,000	10,16,000

Prepare trading a/c. P and L a/c and Profit and Loss Appropriation account for the year ending 31st March and balance sheet at that date in Horizontal Form as per Schedule VI of the Companies Act, 1956. The following adjustments are taken into account.

- (i) The stock as on 31st March 2016 was valued at Rs. 1,76,000.
- (ii) Provide for doubtful debts amounting to rs. 1,020.
- (iii) Make a provision for income tax at 50%.
- (iv) On 31st March payable rent amounts to Rs. 1,600 while salary payable is Rs. 1,800.

- (v) The directors proposed a dividend at 15% per annum for the year ended 31.3.2016.
 - (vi) Make a provision for general reserve Rs. 2,836.
 - (vii) Provide for managerial remuneration at 10% of the net profit before tax.
-