



PBH-161100010308 Seat No. _____

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

November / December - 2018

Corporate Accounting

(New Course)

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

[Total Marks : 70

- Instructions :** (1) Show all the working notes as a part of the answer.
(2) Figures to the right indicate full marks of the question.

1 Khushwant Ltd. issued prospectus inviting applications **14**

for 8,000 shares of Rs. 10 each at 20% premium. The amount was payable as under.

On application Rs. 2 per share

On allotment Rs. 5 per share (with premium)

On first call Rs. 3 per share

On final call Rs. 2 per share

Applications were received for 12,000 shares and allotment was made pro-rata to the applicants of 9,600 shares. Money overpaid on applications was adjusted to the amount due on allotment.

Jay, who was allotted 160 shares, failed to pay allotment money and first call money. So his shares were forfeited after the first call. Ram, holding 240 shares, could not pay the two calls and his shares were forfeited after the second call.

Of the shares forfeited, 320 shares were sold to Manan as fully paid up for Rs. 9 per share, the whole of John's shares being included.

Journalize the above transactions in the books of the company.

OR

- 1 Radheshyam Ltd. issued 8,000 equity shares of Rs. 10 each at 10% discount. The amount was payable as under : 14

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

Applications were received for 18,000 shares, out of which 2,000 applications were rejected and shares were allotted on pro-rata basis to remaining applicants. Excess money received on application was adjusted to share allotment account.

Rajesh, the holder of 160 shares, paid application money only and Dev, who was allotted 240 shares, could pay application and allotment money. So the company forfeited the shares of both Rajesh and Dev after the first call. From the forfeited shares, 240 shares were re-issued at Rs. 7 per share, which included 120 shares of Rajesh and 120 shares of Dev. Then the final call was made by the company on which the amount was fully received.

Pass necessary journal entries to record the above transactions in the books of the company.

- 2 The Balance Sheet of Vihan Ltd. as on 31-3-2018 is as under : 14

Liabilities	Rs.	Assets	Rs.
20,000 equity shares of Rs. 10 each fully paid	2,00,000	Fixed Assets	2,32,500
5,000, 7% redeemable preference shares of Rs. 10 each, Rs. 8 per share paid up	40,000	Investments	35,000
5,000, 8% Redeemable preference shares of Rs. 10 each fully paid up	50,000	Stock	1,00,000
Share premium	10,000	Cash	27,500
General Reserve	37,500		
Profit and Loss A/c.	17,500		
Creditors	40,000		
	3,95,000		3,95,000

The company decided to redeem both the classes of preference shares at 10% premium as per the provisions of Sec. 80 of the Companies Act.

For this purpose, necessary number of equity shares of Rs. 10 each were issued at par. Cash balance of Rs. 15,000 should be maintained in the business. All the investments are sold for Rs. 30,000. All the preference shareholders are paid in full.

The company then decided to utilize the resultant reserve created out of the preference shares and outstanding amount of Profit and Loss A/c. for issuing fully paid bonus shares to its equity shareholders.

Pass necessary journal entries in the books of the company and also prepare Balance Sheet after implementation of the above scheme.

OR

- 2** (a) Which conditions are laid down under Sec. 77A of the Companies Act for Buy-back of shares ? **7**
- (b) Explain various methods of Buy-back of shares as per SEBI's Regulations. **7**
- 3** The Balance Sheet of Rubal Ltd. as on 31st March, 2018 is as under : **14**

Liabilities	Rs.	Assets	Rs.
Authorized Share Capital 1,20,000 equity shares of Rs. 10 each	12,00,000	Freehold Properties	4,00,000
	12,00,000	Stock	4,80,000
Issued and Subscribed Share Capital : 80,000 equity shares of Rs. 10 each fully paid	8,00,000	Debtors	4,00,000
Profit and Loss A/c.	4,80,000	Bank Balance	8,00,000
5% Debentures	5,20,000		
Creditors	2,80,000		
	20,80,000		20,80,000

At the AGM, following decisions were taken :

- (1) To pay tax-free dividend of 10% (Rate of tax is 20%).
- (2) To issue one bonus share for every four old equity shares held.
- (3) To give existing equity shareholders the option to purchase one share of Rs. 10 each at Rs. 15 per share for every four equity shares held by them prior to the issuance of bonus shares. All the equity shareholders have exercised their option.
- (4) To repay the debentures at 3% premium.

Pass necessary journal entries in the books of the company (Narration not required) and prepare the Balance Sheet.

OR

- 3** Following figures are taken from the Balance Sheet of Rohan Ltd. as on 31-3-2018. **14**

25000 equity shares of Rs. 100	
each Rs. 80 paid up	Rs. 20,00,000
General Reserve	Rs. 7,50,000
Profit and Loss A/c.	Rs. 1,50,000
Capital Reserve	Rs. 2,50,000
Securities Premium	Rs. 1,25,000
Dividend Equalization Fund	Rs. 6,75,000

The Board of Directors has taken following decisions :

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

Pass necessary journal entries (Narration not required) and prepare the Balance Sheet after executing the above decisions.

- 4** Journalize the following transactions in the books of Mayavi Ltd. (Narration not required) **14**

- (1) Issued at 10% discount, 3,000, 9% Debentures of Rs. 100 each, redeemable at par.
- (2) Issued at 10% premium, 4,000, 10% Debentures of Rs. 100 each, redeemable at par.

- (3) Issued at par, 2,000, 8% Debentures of Rs. 100 each, redeemable at 5% premium.
- (4) Purchased building and machinery worth Rs. 5,40,000 and Rs. 4,60,000 respectively from Varun Ltd. The purchase consideration is to be satisfied by issue of 9,500, 15% Debentures of Rs. 100 each.
- (5) 950, 14% Debentures of Rs. 100 each, issued at par and redeemable at par, are converted into equity shares of Rs. 10 each issued at par.
- (6) 950, 14% Debentures of Rs. 100 each, issued at par and redeemable at par, are converted into equity shares of Rs. 10 each issued at 5% discount.
- (7) Issued 6% Debentures of Rs. 4,00,000 at 5% discount and redeemable at 5% premium.
- (8) Issued 5% Debentures of Rs. 4,00,000 at par and redeemable at par.
- (9) Issued 8% Debentures of Rs. 20,000 for cash at 90% but payable at 110 %.
- (10) Issued 2,200 10% Debentures of Rs. 100 each to the supplier of machinery costing Rs. 2,00,000.
- (11) Issued 20,000 10% Debentures of Rs. 100 each to SBI for the loan of Rs. 14,00,000 as collateral securities.

OR

- 4 The following balances stood in the books of Vismay Ltd. 14 as on 31-3-2018 :

Particulars	Rs.
14% Mortgage Debentures	5,00,000
Interest received on Sinking Fund Investments	20,000
Discount on issue of Debentures	50,000
Sinking Fund	4,50,000
9% Maharashtra Govt. Loan (Purchased at par)	2,00,000
10% National Defence Bonds (Face Value Rs. 2,80,000)	2,50,000

On the above date, Maharashtra Govt. Loan sold at Rs. 97 and National Defence Bonds were sold at Rs. 102.

On 1-4-2018, the Debentures of Rs. 3,00,000 were redeemed at 10% premium. On the same day, Central Govt. Securities of Rs. 1,00,000 were purchased at Rs. 102. Annual contribution for redemption of Debentures was Rs. 50,000.

From the above information, prepare the following accounts :

- (1) 14% Debentures A/c.
- (2) Debenture Discount A/c.
- (3) Sinking Fund A/c.
- (4) Sinking Fund Investments A/c.

5 Following figures are extracted from the books of **14**
Jashwant Ltd. as on 31-3-2018 :

Particulars	Rs.	Particulars	Rs.
Equity Share Capital	15,00,000	Office Expenses	50,000
14% Debentures	5,00,000	Loose Tools	60,000
Share Premium	2,50,000	Cash Balance	2,50,000
Goodwill	9,37,000	Bank Overdraft	4,50,000
Land and Building	12,00,000	Purchases	41,54,000
Audit Fees	12,000	Sales	61,94,000
Directors' Fees	18,000	Carriage Inward	10,000
Interest on Debentures	35,000	Carriage Outward	15,000
Octroi	1,25,000	Provident Fund	1,50,000
Bills Receivable	1,20,000	Unclaimed Dividend	20,000
Bills Payable	1,50,000	Insurance Premium	12,000
Plant and Machinery	15,00,000	Debtors	4,50,000
General Reserve	6,00,000	Creditors	3,20,000
Profit and Loss		Stationery Expenses	80,000
Appropriation		Bad Debts	3,000
A/c. (1-4-17)	5,75,000	Bad Debts Reserve	5,000
Furniture	3,00,000	Contribution to	
Opening Stock	4,80,000	Provident Fund	30,000

Postage	50,000	Salary	1,53,000
Patents	2,40,000	Wages	2,30,000
Copyrights	2,00,000		

Prepare Trading A/c. Profit and Loss A/c. and Profit and Loss Appropriation A/c. of the company for the year ending on 31-3-2018 and the Balance Sheet as on that date in horizontal form, after taking into consideration the following additional information :

- (1) The value of closing stock is 8,05,000, out of which the market value of 20% stock is 40% more.
- (2) Provide depreciation on Land and Building at 10%, on Furniture at 15%, on Plant and Machinery at 20% and on Loose Tools at 25%.
- (3) Write off Rs. 10,000 from Debtors as bad debts and provide 5% for bad debts reserve.
- (4) Transfer Rs. 2,00,000 to General Reserve.
- (5) Provision for taxation is to be made 50% on profit before tax.
- (6) The Directors have recommended 4% dividend on Equity Share Capital.

OR

- 5** Provide specimen of the Vertical Balance Sheet along **14** with the schedules related to the Vertical Balance Sheet as per Schedule VI, Part-I of the Companies Act.