



**JAM-161100010308**

Seat No. \_\_\_\_\_

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

**November - 2019**

**Corporate Accounting**

*(New Course)*

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

[Total Marks : 70

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

- 1 Varun Ltd. issued a prospectus inviting applications for 14  
40,000 Equity shares of Rs. 10 each at 20% premium,  
payable as under :

On Application Rs. 2 per share,

On Allotment Rs. 5 per share (including premium),

On First Call Rs. 2 per share,

On Second Call Rs. 3 per share

Applications were received for 60,000 shares and allotment was made pro-rata to the applicants of 48,000 shares and the remaining applications were refused and the amount was refunded. Money over-paid on applications was to be transferred to share allotment account.

Aditya, who was allotted 1,600 shares, paid application money only. Banti, the holder of 2,000 shares, failed to pay the two calls. These shares were forfeited after the second call and were reissued for Rs. 8 per share as fully paid.

Pass necessary journal entries in the books of Varun Ltd.

**OR**

1 From the following information of Siddharth Ltd., pass 14  
necessary journal entries for forfeiture and re-issue of  
shares.

- (a) Siddharth Ltd. had issued to Ram 10 shares of Rs. 10 each at 10% premium on which Rs. 9 per share were called up.

On these shares, Ram failed to pay allotment money of Rs. 3 per share along with share premium amount and first call money of Rs. 2 per share. Consequently, his shares were forfeited. Out of these forfeited shares, 6 shares were re-issued to Laxman as fully paid up at Rs. 8 per share, 2 shares to Bharat at Rs. 12 per share as fully paid up and 2 shares were re-issued to Shatrughna at Rs. 5 per share as fully paid up.

- (b) Ekta holds 60 shares of Siddharth Ltd. on which full amount of Rs. 10 was called up. She could not pay Rs. 3 per share on allotment and final call of Rs. 4 per share and consequently, her shares were forfeited. She had paid only application money of Rs. 3 per share. These shares were re-issued to Viren at Rs. 8 per share.

- (c) Siddharth Ltd. allotted to Tushar 20 shares of Rs. 10 each (on which Rs. 6 per share was called up) at a discount of 10%. On these shares, Tushar had paid Rs. 2 per share only. These shares were forfeited. Out of these, 16 shares were re-issued to Twinkle at Rs. 8 per share on condition that Rs. 6 per share was to be treated as paid-up.

- 2 The Balance Sheet of Karuna Ltd. as on 31-3-2019 is as 14  
under :

Liabilities	Rs.	Assets	Rs.
Equity Share		Fixed Assets	39,00,000
Capital of Rs. 10		Investments	4,00,000
each, Rs. 9 per		Bank Balance	10,00,000
share paid up	18,00,000	Other Current	
12% Redeemable		Assets	16,00,000
Preference Shares			
of Rs. 10 each, Rs. 8			
per share paid up	8,00,000		
14% Redeemable			
Preference Shares			
of Rs. 10 each,			
fully paid up	6,00,000		
General Reserve	30,00,000		
Profit and Loss A/c	1,00,000		
Securities Premium	1,00,000		
Creditors	5,00,000		
	<b>69,00,000</b>		<b>69,00,000</b>

It was decided to redeem 12% Redeemable Preference Shares at 10% premium and 14% Redeemable Preference Shares at 5 % premium, after complying with necessary provisions of Companies Act. Investments were sold for Rs. 3,00,000. New Bank balance to be maintained in the business is Rs. 1,00,000. For this purpose, 15% Cumulative Preference Shares were issued at 10% premium in adequate number. Afterwards, bonus was declared for converting partly paid up equity shares into fully paid up equity shares and then one bonus share for two equity shares was also issued. Pass the journal entries in the books of the company.

**OR**

- 2 Answer the following : 14
- (1) Meaning and objectives of Buy Back of shares
  - (2) Advantages of Buy Back of shares

- 3 The Balance Sheet of Kevin Ltd. as on 31-3-2019 is as 14 under :

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
40,000 Equity Shares of Rs. 10 each, fully paid up	4,00,000	Freehold Property	4,00,000
Profit and Loss A/c	3,60,000	Stock	2,40,000
6% Debentures	2,40,000	Sundry Debtors	2,00,000
Sundry Creditors	2,00,000	Cash and Bank Balance	3,60,000
	<b>12,00,000</b>		<b>12,00,000</b>

It was resolved at the Annual General Meeting:

- (1) to pay dividend at 10%.
- (2) to issue one bonus share for every four shares held.
- (3) to give existing shareholders the option to buy one Rs. 10 share at Rs. 14 for every four shares held prior to bonus distribution. All the shareholders took up the option.

Pass necessary journal entries in the books of the company and prepare the Balance Sheet after the above transactions have been given effect to (ignore taxation).

**OR**

- 3 The Balance Sheet of Latika Ltd. as on 31-3-2019 is as 14 under.

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
80,000 Equity Shares of Rs. 10 each, Rs. 8 per share paid up	6,40,000	Land and Building	4,00,000
Profit and Loss A/c	1,00,000	Plant and Machinery	2,00,000
General Reserve	2,60,000	Stock	40,000
10% Debentures	1,00,000	Sundry Debtors	1,60,000
Sundry Creditors	1,00,000	Bank Balance	4,00,000
	<b>12,00,000</b>		<b>12,00,000</b>

Following resolutions were passed in the Annual General Meeting :

- (1) 10% dividend on paid up equity share capital will be paid in cash.
- (2) Partly paid up shares must be made fully paid up by giving bonus and thereafter one bonus share for every eight shares held will be issued as fully paid bonus shares.
- (3) Debentures will be redeemed at 4% premium.

Pass necessary journal entries in the books of the company and prepare the Balance Sheet.

- 4 Subhwati Ltd. has issued 8,000, 12% debentures of Rs. 100 each at  $5\frac{1}{2}\%$  discount on 1-4-2014. Debentures are to be redeemed as under : 14

On 31-3-2015 .....	Rs. 1,60,000
On 31-3-2016 .....	Rs. 2,40,000
On 31-3-2017 .....	Rs. 1,20,000
On 31-3-2018 .....	Rs. 2,00,000
On 31-3-2019 .....	Rs. 80,000

From the above information, prepare Debenture Discount A/c for all the years.

**OR**

- 4 Shri Ram Ltd. issued 30,000, 10% debentures of Rs. 100 each at 10% discount, redeemable at 20% premium. Debentures will be redeemed under any of the following options : 14

- (1) Equity shares of Rs. 10 each to be issued at Rs. 12.
- (2) 10% Preference shares of Rs. 100 each to be issued at 20% premium.
- (3) 15% new Debentures of Rs. 100 each to be issued at 10% discount.
- (4) Payment in cash.

The above options were exercised as under :

- (1) Holders of 12,000 debentures accepted equity shares.
- (2) Holders of 10,000 debentures accepted preference shares.
- (3) Holders of 6,000 debentures accepted new debentures.
- (4) Holders of 2,000 debentures accepted cash.

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

- 5 Following is the Trial Balance of Laxmi Ltd. as on 31-3-2019 : 14

**Trial Balance of Laxmi Ltd. as on 31-3-2019**

Debit Balances	Rs.	Credit Balances	Rs.
Cash in hand	1,00,000	Equity shares	
Cash at Bank	16,00,000	fully called up	1,08,00,000
Sundry Debtors	4,00,000	10% Debentures	1,20,00,000
Bills Receivable	9,00,000	General Reserve	9,00,000
Purchases	1,05,00,000	Profit and Loss	
Sales Return	1,00,000	A/c (1-4-2018)	5,40,000
Wages	3,60,000	Reserve for	
Salary	6,40,000	Bad Debts	60,000
Carriage Inward	90,000	Sundry Creditors	5,60,000
6% Investments	16,00,000	Bills Payable	11,20,000
Land and Building	1,30,00,000	Sales	1,51,00,000
Furniture	7,00,000	Purchase Return	72,000
Plant and		Interest on	
Machinery	40,00,000	Investments	48,000
Interest on			
Debentures	6,00,000		
Calls in Arrears	8,00,000		
Bad Debts	40,000		
Goodwill	10,00,000		
Director Fees	2,40,000		
Preliminary			
Expenses	1,60,000		
General Expenses	1,40,000		
Opening Stock	40,00,000		
Interim Dividend	2,30,000		
	<b>4,12,00,000</b>		<b>4,12,00,000</b>

**Adjustments :**

- (1) Stock at the end of the year was Rs. 36,00,000.
- (2) Depreciate Plant and Machinery at 10%, Furniture at 15%, Land and Building at 2%.
- (3) Write off preliminary expenses by 25%.
- (4) Dividend on equity shares at 10% to be provided.
- (5) Provision for taxes to be made for Rs. 80,000.
- (6) Rs. 2,00,000 are to be transferred to General Reserve.
- (7) Reserve for Bad Debts to be maintained at 10% on Sundry Debtors.

From the above information, prepare Trading A/c, Profit and Loss A/c, Profit and Loss Appropriation A/c of the company for the year ending on 31-3-2019 and the Balance Sheet as on that date.

**OR**

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

---