



**JAM-010-001306**

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

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

**November - 2019**

**Corporate Accounting - I : Paper - 306**

*(Old Course)*

**Faculty Code : 010**

**Subject Code : 001306**

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 Ram Ltd. issued a prospectus inviting applications for 4,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows : 14
- On Application Rs. 2 per share  
On Allotment Rs. 5 per share (including premium)  
On First Call Rs. 3 per share  
On Final Call Rs. 2 per share
- Applications were received for 6,000 shares and allotment was made pro-rata to the applicants of 4,800 shares. Money over paid on applications was employed on account of amount due to allotment.
- Rajesh to whom 80 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited. Manan, the holder of 120 failed to pay the two calls and his shares were forfeited after final call.

Of the shares forfeited above, 160 shares were sold to Jayesh as fully paid for Rs. 11 per share, the whole of shares of Rajesh being included.

Write journal entries in the books of the company.

**OR**

- 1 Styles Ltd. issued 4,000 equity shares of Rs. 10 each at 14  
10% discount. Applications for 9,000 shares were received from applicants. The amounts called are as under :

With application Rs. 2 per share,

With allotment Rs. 4 per share,

With first call Rs. 2 per share,

With final call Rs. 1 per share

**The following resolution is passed regarding share allotment :**

- (1) To reject the applications for 1,000 shares.
- (2) To allot remaining shares proportionately
- (3) To adjust the excess money received on application to share allotment account.

Ganga, who holds 80 shares, pays only application amount. Yamuna, who holds 120 shares, pays application and allotment amount. After demanding first call, the shares of both were forfeited. Of these forfeited shares, 60 shares of Ganga and 60 shares of Yamuna were re-issued for Rs. 7 per share and the amount was duly received. Then the final call was made which was also fully paid up.

Journalize the above transactions.

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

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
54,000 Equity Shares of Rs. 10 each	5,40,000	Land and Building	10,00,000
30,000, 8% Redeemable Preference Shares of Rs. 10 each, fully paid	3,00,000	Machineries	8,00,000
General Reserve	12,00,000	Furniture	1,00,000
Share Premium	1,00,000	Debtors	2,00,000
9% Debentures	4,00,000	Stock	3,00,000
Creditors	1,00,000	Bank Balance	2,40,000
	<b>26,40,000</b>		<b>26,40,000</b>

**The company resolved as under :**

- (1) To redeem preference shares at 5% premium and debentures at 6% premium.
- (2) One machine of Rs. 2,20,000 is sold for 3,20,000.
- (3) After the above changes were effected, the company issued new equity shares at 10% premium to keep the bank balance of Rs. 2,61,000.
- (4) It was also resolved to issue one bonus share for every three equity shares held. New equity shareholders are not entitled for bonus shares.

Pass necessary journal entries in the books of the company and also prepare the Balance Sheet after giving effects of the above transactions.

**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 Anmol Ltd. as on 31-3-2019 is 14  
as under :

Liabilities	Rs.	Assets	Rs.
Authorized Share Capital :		Freehold Properties	4,00,000
1,20,000 Equity Shares of Rs. 10 each	12,00,000	Stock	4,80,000
Issued and Paid up Share Capital :		Debtors	4,00,000
80,000 Equity Shares of Rs. 10 each fully paid up	8,00,000	Bank Balance	8,00,000
Profit and Loss Account	4,80,000		
5% Debentures	5,20,000		
Creditors	2,80,000		
	<b>20,80,000</b>		<b>20,80,000</b>

**At the Annual General Meeting, it was agreed :**

- (1) To pay tax-free dividend in cash @ 10% (Rate of Income-tax is 20%)
- (2) To issue one bonus share for every four shares held.
- (3) To give existing shareholders the option to purchase one share of Rs. 10 each at Rs. 15 per share for every four shares held prior to the bonus distribution. All the shareholders exercised this option.
- (4) To repay the debentures at 3% premium.

Pass necessary journal entries in the books of the company and prepare the Balance Sheet after the above transactions are completed.

**OR**

- 3 (A) Following balances have been taken from the Balance Sheet of Amola Ltd. as on 31-3-2019. 10

Particulars	Rs.
1,00,000 Equity Shares of Rs. 100 each, Rs. 80 per share paid up	80,00,000
General Reserve	30,00,000
Profit and Loss Account (Cr.)	6,00,000
Capital Reserve (Revaluation of Fixed Assets)	10,00,000
Securities Premium	5,00,000
Dividend Equalization Fund	27,00,000
Fixed Assets	1,00,00,000
Stock	40,00,000
Debtors	10,00,000
Bank Balance	8,00,000

**The Board of Directors has taken the following decisions :**

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

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

- (B) Discuss the guidelines issued by SEBI for issue of Bonus Shares. 4

- 4 Naved Ltd. issued 2,000, 18% Debentures of Rs. 100 each 14  
at 3% discount on 1-4-2014. It undertakes to repay the  
debentures at par as under :

On 31-3-2016 = 40% of Debentures

On 31-3-2017 = 30% of Debentures

On 31-3-2018 = 20% of Debentures

On 31-3-2019 =10% of Debentures

Prepare Debenture Discount Account for all the years in the  
books of the company.

**OR**

- 4 The following were the balances in the books of 14  
Chinmay Ltd. as on 1-4-2018.

12% Debentures ..... Rs. 6,00,000

Debenture Redemption Fund ..... Rs. 4,50,000

8% DRF Investments ..... Rs. 4,50,000

Company transfers Rs. 50,000 every year to Debenture  
Redemption Fund A/c. After receiving interest on investments,  
company sold out all the investments at 20% profit on  
31-3-2019 and on the same day, Debentures amounting to  
Rs. 4,80,000 were redeemed at 10% premium.

Write the journal entries in the books of the company on  
31-3-2019 and also prepare the following accounts.

(1) 12% Debentures A/c

(2) Debenture Redemption Fund A/c

(3) DRF Investments A/c

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

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

<b>Debit Balances</b>	<b>Rs.</b>	<b>Credit Balances</b>	<b>Rs.</b>
Cash in hand	1,00,000	Equity shares fully	
Cash at Bank	16,00,000	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 A/c.	
Sales Return	1,00,000	(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		Sales	1,51,00,000
Building	1,30,00,000	Purchase Return	72,000
Furniture	7,00,000	Interest on	
Plant and 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 **14** all related schedules as per Schedule VI, Part - I of the Companies Act.