



**DDA-161100010308**

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

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

**August - 2022**

**Corporate Accounting**

*(Old Course)*

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

[Total Marks : 70

**Instructions :**

- (1) Figures on the right hand side indicate marks.
- (2) Show working notes and calculations as a part of your answer.
- (3) Answer any five questions.

- 1 On 1-1-2020 Aum Engineering Company Limited issued 14  
2,000 equity shares of Rs. 100 each. Amounts were payable  
as under :

On Application .....Rs. 20

On Allotment.....Rs. 25

On First call .....Rs. 30

On Second call .....Rs. 25

Applications were received for 1,800 shares, upto 15<sup>th</sup>  
February, 2020. All the shares were allotted on 1<sup>st</sup> March  
and the allotment amount was received on 15<sup>st</sup> March. First  
instalment was called up on 15<sup>st</sup> May and full amount was

received on 1<sup>st</sup> June. Second call was due on 15<sup>th</sup> July and full amount was received on 1<sup>st</sup> August with the exception of 200 shares.

Write Journal Entries to record the above transactions and prepare Balance Sheet of Aum Engineering Company Ltd.

- 2 The Authorised capital of Aarti Company Ltd. is 14  
Rs. 5,00,000 which is divided into 50,000 equity shares of Rs. 10 each. Out of which 8,000 fully paid shares are issued as consideration for purchase of a building.

Applications for 16,000 shares are received from public. The company called up Rs. 5 per share as under during the first year :

On Application .....Rs. 2

On Allotment..... Re. 1

On First call ..... Re. 1

On Second call ..... Re. 1

Total amount paid of 16,000 shares is as under :

On 12,000 shares full amount

On 2,500 shares Rs. 4 per share

On 1,000 shares Rs. 3 per share

On 500 shares Rs. 2 per share

The company forfeited 1,500 shares on which less than a total amount of Rs. 4 per share was paid.

Pass necessary journal entries to record the above transactions and prepare the Balance Sheet at the end of the year.

- 3 Following is the Balance Sheet of Madhav Company Ltd. 14  
as on 31<sup>st</sup> March, 2021 :

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
16,000 equity shares of Rs. 100 each	16,00,000	Fixed asses	18,60,000
4,000, 8% Redeemable preference shares of Rs. 100, each of Rs. 80 paid up	3,20,000	Investments	2,80,000
4,000, 10% Redeemable Preference shares of Rs. 100 each fully paid up	4,00,000	Stock	2,40,000
General reserve	3,00,000	Debtors	3,60,000
Share premium	40,000	Cash and bank balance	2,20,000
Profit and Loss A/c	1,40,000	Pre-paid expenses	40,000
Sundry creditors	2,00,000		
	<b>30,00,000</b>		<b>30,00,000</b>

On this date, the company decided to redeem both the classes of preference shares at 10% premium after complying with the provision laid down under section 55 of the Companies Act, 2013.

For this purpose, necessary number of equity shares of Rs. 100 each are issued at par, cash balance of Rs. 1,20,000

is to be maintained in the business. All the preference shareholders are paid in full. Investments are sold for Rs. 2,40,000.

The company then decided to utilize the resultant reserve created out of the redemption of preference share issuing fully paid bonus shares to equity shareholders.

Pass necessary journal entries and prepare the revised Balance Sheet.

- 4 (a) Write a short note on : Buy-back of shares. 7  
 (b) Provisions of Companies Act for redemption of preference shares. 7
- 5 Following Balance Sheet of Akash Company Ltd. as on 31-3-2021 : 14

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
2,00,000 equity shares of Rs. 10 each on which Rs. 8 per share called and paid	16,00,000	Fixed assets	32,00,000
Securities premium	4,00,000	Debtors	12,00,000
General reserve	12,00,000	Stock	8,00,000
Profit and Loss A/c	4,00,000	Cash and bank	8,00,000
15% Bank loan	16,00,000		
Current liabilities	8,00,000		
	<b>60,00,000</b>		<b>60,00,000</b>

The Board of Directors has taken following decisions :

- (1) To give bonus to shareholders to make partly paid shares fully paid.
- (2) To issue 3 equity shares for every 5 shares held as bonus shares.
- (3) To utilize the General Reserve to the minimum extent for this purpose.

Pass necessary journal entries to give effect to the above decision. Also prepare Balance Sheet immediately after issue of bonus shares.

- 6** What is Bonus Shares ? What are the merits and demerits of issuing Bonus Shares ? **14**
- 7** Ram Company Ltd. has issued 12%, 2,000 debentures of Rs. 100 each at 3% discount on 1-1-2016, Debentures were redeemed as follows : **14**
- 800 debentures on 31-12-2017
- 600 debentures on 31-12-2018
- 400 debentures on 31-12-2019
- 200 debentures on 31-12-2020
- Pass journal entries for issue of debentures and for redemption of debentures for first two years. Prepare debenture discount account in the books of the Ram Company Ltd.
- 8** (A) Discuss the types of Debentures. **7**
- (B) What do you mean by redemption of debentures out of capital and redemption of debentures out of profit ? **7**
- 9** Give the specimen of vertical form of Balance Sheet with imaginary figures. **14**

- 10 The following is the Trial Balance of Uday Company Ltd. 14  
as on 31-3-2021 :

<i>Particulars</i>	<i>Dr. side (Rs.)</i>	<i>Cr. side (Rs.)</i>
Debentures Redemption funds and its investments	2,00,000	2,00,000
10% Debentures	-	5,00,000
Share capital and call in arrears	1,00,000	30,00,000
Capital Reserve	-	5,50,000
General reserve	-	9,00,000
Share premium	-	2,10,000
Provident fund and P.F. contribution	25,000	1,30,000
Production expenses	3,52,000	-
Preliminary expenses	60,000	-
Investments	16,57,000	-
Furniture	3,20,000	-
Plant and machinery	11,50,000	-
Land and building	17,00,000	-
Purchase and sales	10,68,000	26,00,000
Opening stock	3,30,000	-
Profit and Loss A/c (1-4-2020)	-	55,000
Goodwill	1,20,000	-
Salaries	5,70,000	-
Rent, Rates and Taxes	2,00,000	-
Debtors and creditors	6,60,000	3,30,000
Director's fees	35,000	-
Bad-debt reserve	-	30,000
Public deposits	-	1,46,000
Advance income-tax	2,80,000	-
Cash & bank and Bank loan	1,08,000	2,54,000
Postage and Telegram	65,000	-
Income from investments	-	95,000
	<b>90,00,000</b>	<b>90,00,000</b>

Prepare Final Accounts from other informations of Uday Company Ltd. as per Horizontal format.

***Other Informations :***

- (1) The authorised capital of the company amounts to Rs. 1,00,00,000.
- (2) Transfer Rs. 2,50,000 to General Reserve.
- (3) Provide provision for taxation Rs. 1,40,000.
- (4) Stock as on 31-3-2021 was Rs. 10,00,000.
- (5) Provide 5% reserve for bad-debts on debtors.
- (6) Outstanding expenses :

Production expenses .....	25,000
Salaries .....	30,000
Rent-rates-taxes .....	15,000
- (7) Pre-paid rent amounted to Rs. 50,000.
- (8) Provide depreciation on plant and machinery at 10% and on furniture at 12%.
- (9) The directors of the company recommended 10% dividend on share capital.

