



DG-010-001306

Seat No. _____

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

March – 2022

**Corporate Accounting - I
(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 the part of answer.
- (2) Figures to the right indicate full marks of the question.

- 1 Khushwant Ltd. issued prospectus inviting applications 14
for 4,000 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 6,000 shares and allotment was made pro-rata to the applicants of 4,800 shares. Money overpaid on applications was adjusted to the amount due on allotment.

John, who was allotted 80 shares, failed to pay allotment money and first call money. So his shares were forfeited after the first call. Rocky, holding 120 shares, could not pay the two calls and his shares were forfeited after the second call.

Of the shares forfeited, 160 shares were sold to Moris as fully paid-up for Rs. 9 per share, in which the whole of John's shares being included.

Journalize the above transactions in the books of the company.

OR

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[Contd...

- 1 Radheshyam Ltd. issued 4,000 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 9,000 shares, out of which 1,000 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 80 shares, paid application money only and Dev, who was allotted 120 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, 120 shares were re-issued at Rs. 7 per share, in which included 60 shares of Rajesh and 60 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 Following is the Balance Sheet of Vishnu Ltd. as on 31-3-2018 : 14

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
10,000 Equity shares of Rs. 100 each, fully paid up	10,00,000	Fixed Assets	15,25,000
10% Redeemable Pref. Shares, each of Rs. 100, Rs. 80 paid up	4,00,000	Debtors	3,00,000
12% Redeemable Pref. Shares, each of Rs. 100, fully paid up	2,00,000	Stock	2,00,000
General Reserve	3,60,000	Cash and Bank	1,25,000
Share Premium	50,000		
Profit and Loss A/c	1,15,000		
Creditors	25,000		
	21,50,000		21,50,000

The company has decided to redeem both types of preference shares at 10% premium on 1-4-2018 after complying with the provisions of Sec. 80 of the Companies Act. It is decided to keep Cash and Bank balance of Rs. 1,15,000.

The company issued required number of equity shares at 10% premium. The preference shareholders are paid off in full.

After redemption of preference shares, capital redemption reserve is used to issue bonus shares to equity shareholders as one share for every ten shares held.

Write up necessary journal entries in the books of the company (narration not required) and also prepare Balance Sheet after redemption of preference shares.

OR

2 Write short notes on the following : (Any Two) **14**

- (1) Provisions of Companies Act, 1956 for buy back of shares
- (2) Objectives, advantages and limitations of buy back of shares
- (3) Methods of buy back of shares.

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

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

Following resolutions are passed in the AGM.

- (1) To pay 10% dividend on equity shares.
- (2) To issue one bonus share for every eight equity shares held.
- (3) To redeem debentures at 4% premium.

Pass the journal entries (narration not required) and prepare the Balance Sheet.

OR

3 (A) Discuss the guidelines of SEBI for the issue of bonus shares. 7

(B) Explain advantages and limitations of bonus shares. 7

4 Khushbu Ltd. has issued 12% 4,000 debentures of Rs. 100 14

each at $5\frac{1}{2}\%$ discount on 1-4-2013. Debentures are to be

redeemed as follows :

On 31-3-2014 Rs. 80,000

On 31-3-2015 Rs. 1,20,000

On 31-3-2016 Rs. 60,000

On 31-3-2017 Rs. 1,00,000

On 1-3-2018 Rs. 40,000

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

OR

4 The following are the balances in the books of Siddharth Ltd. as on 1st April 2017. 14

12% Debentures Rs. 6,00,000

Debenture Redemption Fund Rs. 4,50,000

8% Deb. Red. Fund Investments Rs. 4,50,000

Company transfers Rs. 50,000 every year to Debenture Redemption Fund A/c. After receiving interest on investments, the company sold out all the investment mentioned above at 20% profit on 31-3-2018 and debentures of Rs. 4,80,000 were redeemed at 10% premium.

Write journal entries in the books of the company on 31-3-2018. Also prepare following accounts :

- (1) Debenture Redemption Fund A/c
- (2) Debenture Redemption Fund Investments A/c
- (3) Debenture Holders A/c.

5 The following is the trial balance of Sharda Ltd. as 14
on 31-3-2018 :

<i>Particulars</i>	<i>Debit (Rs.)</i>	<i>Credit (Rs.)</i>
Debenture Redemption Fund and its Investments	50,000	50,000
10% Debentures	-	1,25,000
Paid up Share Capital and Calls in Arrears	25,000	7,50,000
Capital Reserve	-	1,37,500
General Reserve	-	2,25,000
Share Premium	-	52,500
Provident Fund and Contribution to Provident Fund	6,250	32,500
Production Expenses	88,000	-
Preliminary Expenses	15,000	-
Investments	4,14,250	-
Furniture	80,000	-
Plant-Machineries	2,87,500	-

Land-Building	4,25,000	-
Purchases and Sales	2,67,000	6,50,000
Opening Stock	82,500	-
Profit and Loss A/c (1-4-2017)	-	13,750
Goodwill	30,000	-
Salary	1,42,500	-
Rent, Rates and Taxes	50,000	-
Debtors and Creditors	1,65,000	82,500
Director's Fees	8,750	-
Bad Debts Reserve	-	7,500
Public Deposits	-	36,500
Advance Income Tax	70,000	-
Cash and Bank Loan	27,000	63,500
Postage and Telegram	16,250	-
Interest from Investments	-	23,750
Total	22,50,000	22,50,000

Additional Information :

- (1) The authorized capital of the company is Rs. 25,00,000.
- (2) Transfer Rs. 62,500 to General Reserve.
- (3) Make provision for taxes Rs. 35,000.
- (4) Closing stock is valued at Rs. 2,50,000.
- (5) Provide 5% reserve for bad debts on debtors.
- (6) Outstanding expenses: Production expenses Rs. 6,250, Salary Rs. 7,500, Rent Rs. 3,750.
- (7) Prepaid rent amount to Rs. 12,500.
- (8) Provide depreciation on machineries at 10% and on furniture at 12%.

- (9) The Directors of the company recommended 10% dividend on share capital.

From the above information, prepare final accounts of the company for the year ending on 31-3-2018 in horizontal form.

OR

- 5** Prepare a Balance Sheet of a company in vertical form in accordance with the Companies Act with imaginary figures. **14**
