



Seat No. _____

HAQ-161100010308
B. B. A. (Sem. III) (CBCS)
(W.E.F. 2016) Examination
June - 2023
Corporate Accounting
(Old Course)

Time : $2\frac{1}{2}$ Hours / Total Marks : 70

- Instructions :** (1) You are required to attempt all five questions.
(2) Figures to the right indicate total marks.
(3) All working notes, if required to be shown with relevant answer.

- 1** Jyoti Company issued a prospectus inviting applications for 2000 Equity Shares of Rs. 100 each at a premium of Rs. 20 per share payable as under : **14**

On Application Rs. 20

On Allotment Rs. 50 (including premium)

On First Call Rs. 20

On Second Call Rs. 30

Applications were received for 3000 shares and allotment made pro-rata to the applicants of 2400 shares and the remaining applications were refused and the amount was refunded. Money over-paid on applications was to be transferred to Allotment Account.

Ajay to whom 80 shares were allotted, failed to pay the allotment money and Brijesh, to whom 100 shares were allotted failed to pay the two calls. These shares were forfeited after making second call.

All the shares were reissued to Mr. Yagnesh, credited as fully paid, for Rs. 80 per share.

Pass necessary journal entries in the books of the company. Also prepare share forfeiture account.

OR

- 1 Bharat Ltd. issued 30,000 equity shares of Rs. 100 each at 10% premium. The amount called as: **14**

On Application Rs. 20

On Allotment Rs. 40 (with premium)

On First and Final Call Rs. 50

Applications were received for 45,000 shares, of which 40,000 applicants were allotted on pro-rata and remaining applications were refused. The excess money received on application was adjusted to sum due on allotment.

Bhavik to whom 45 shares were allotted failed to pay allotment and his shares were forfeited after allotment. Bharati who allotted 30 shares failed to pay call money and his shares were forfeited.

Of the above forfeited shares, 80% shares were reissued as fully paid Rs. 80 per share of which whole of Bhavik's share being included.

Pass journal entries to record above transactions.

- 2 The balance sheet of Handsome Ltd. as on 31-3-21 was as under: **14**

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Equity shares of Rs. 100 each fully paid	10,00,000	Plant	10,00,000
10% Redeemable Pref. shares of Rs. 100 each Rs. 80 paid up	4,00,000	Furniture	5,25,000
12% Redeemable Pref. shares of Rs.100 each fully paid up	2,00,000	Stock	2,00,000
Share Premium	50,000	Debtors	3,00,000
General Reserve	3,60,000	Bank	1,25,000
P&L Account	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.

After complying with the provisions of section 80 of Companies Act, it is decided to keep Cash and Bank Balance of Rs. 1,15,000. The Co. issued required number of cumulative pref. shares at 10% premium. Then preference share holders are paid off.

After redemption of pref. shares, capital redemption reserve is used to issue bonus shares to equity share holders as one share to ten shares held.

Write up necessary journal entries in Co's book, and prepare the balance sheet after redemption of preference shares.

OR

- 2 (a) Write Objectives of Buy Back of Shares. 7
 (b) Write Conditions of Buy Back of Shares. 7
- 3 What is Bonus Share ? Give sources of Bonus Shares. Also write a detail note on guideline for issuing Bonus shares. 14

OR

- 3 The balance sheet of Jasmi Ltd. is as under: 14

Liabilities	Amount	Assets	Amount
Equity shares of Rs. 10 each fully paid	1,00,000	Fixed Assets	50,000
P&L Account	60,000	Inventories	60,000
6% Debentures	65,000	Debtors	50,000
Creditors	35,000	Bank	1,00,000
	2,60,000		2,60,000

It was decided in annual meeting on 31-3-2021 that :

- (i) To pay dividend in cash at 10% free of tax (IT rate at 20%)
- (ii) To issue one bonus share for every four old shares held.
- (iii) To give existing share holders the option to purchase one share of Rs. 10 each at Rs. 15 per share for every four shares held prior to bonus distribution. All share holders adopt this option.
- (iv) To repay debentures at premium of 3%.

Write journal entries for above transactions and redraft the balance sheet after the transactions are completed.

- 4** On 1st January, 2010 K.P. Ltd. issued 30,000, 9% debentures of **14**
100 each. According to the terms of the issue of debentures, the debentures were to be redeemed at 5% premium by giving 6 months notice at any time after 5 years. The redemption was to be made by cash or by issue of new equity shares or issue of new preference shares by issue of new debentures as per the option to be exercised by the debenture holders.

On 1st March, 2015 the company issued the required notice to the debenture holders for the redemption of the debentures. The company gave four options for the redemption of the debentures on 1st September, 2015 : (1) Redemption money will be paid in cash (2) Equity shares of 10 each will be issued at Rs. 12 per share (3) New 8% debentures of Rs. 100 each will be issued at a price of Rs. 96 per debenture (4) 10% preference shares of Rs. 100 each at 20% premium.

Holders of 6000 debentures accepted equity shares, holders of 12,000 debentures accepted the new 8% debentures, holders of 3000 debentures accepted new preference shares and the rest of debenture holders opted for cash as consideration.

With the assumption that company has fulfilled the provisions of Companies Act and SEBI's guidelines, write the necessary journal entries to record the above transactions in the books of the company.

OR

- 4** Jayesh Ltd. has 12% 8,000 debentures of face value Rs. 100 each at 5.5% discount on 1-1-2010. These were redeemed as follows : **14**

1600 Debentures On 31-12-2010
2400 Debentures On 31-12-2011
1200 Debentures On 31-12-2012
2000 Debebtures On 31-12-2013
800 Debentures On 31-12-2014

Prepare Debenture Discount Account for lifetime of Debentures.

- 5** Give specimen of Vertical form of Balance Sheet with imaginary figures. **14**

OR

- 5** The following balances is extracted from the books of Virat Ltd. as on 31-3-2011. You are required to prepare final accounts of the company in the forms prescribed under company's Act 1956 in Horizontal format. **14**

Debit Balances	Amount	Credit Balances	Amount
Call in Arrears	10,000	7.5% Preference shares	
Bank	10,800	of Rs. 100 each	
Opening Stock	33,300	fully paid	1,00,000
Purchases	1,06,500	General Reserve	90,000
Plant	1,15,000	5% Mortgage	
Free Hold Property	1,70,000	Debentures	50,000
Furniture	32,000	Creditors	33,000
Preliminary		P & L Account	5,500
expenses	6,000	Equity Share Capital	2,00,000
Investments	1,65,700	Security Premium	16,500
Loose Tools	12,000	Capital Reserve	55,000
Debtors	66,000	Provident Fund	13,000
Wages	35,200	Sales	2,60,000
Deb Redeem Fund		Bank Loan	25,400
Investments	20,000	Sh. Forfeited	4,500
Salaries	57,000	Public Deposits	14,600
Rent, Rates and Taxes	20,000	Interest on Investments	9,500
Director's Fee	3,500	Debenture	
Postage	6,500	redemption fund	20,000
P.F. contribution	2,500	Bad debts Reserve	3,000
Income Tax	28,000		
	9,00,000		9,00,000

Additional Information :

- (1) The stock on 31-3-2011 was Rs. 95,400
 - (2) Provide 5% Reserve for Bad Debts on Debtors.
 - (3) Prepaid Rent amounted to Rs. 2,000
 - (4) Provide Depreciation on Plant and Machinery at 2%, on furniture and on freehold property at 4%.
 - (5) Outstanding Expenses: Productive Wages Rs. 2,500; Salaries Rs. 3,000 and Rates and Taxes Rs. 1,500.
 - (6) Transfer Rs. 25,000 to General Reserve.
 - (7) The directors of the company recommended 7.5% dividend on preference share capital and 10% on Equity Share Capital.
 - (8) The Authorized Capital of the company amount to Rs. 5,00,000.
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