647510 **BBA3CA0E0210** **Seat No :_________**

B.B.A. Semester - 3 (*CBCS*) Examination

Oct/Nov. -2018

CORPORATE ACCOUNTING (ELECTIVE 2)

Time: 2:30 Hours **Marks: 70**

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate marks.

Que-1 Moon company ltd. issued a prospectus inviting application for 80,000 equity share of Rs.10 each at a premium of Rs.2 per share. Payable as under. (14)

On Application – Rs.2
On allotment Rs.5 (including premium)
On First call Rs.2
On Second call Rs.3

Applications were received for 1,20,000 shares and allotment made pro-rata to the applicants of 96,000 shares and remaining applications were refused and amount was refunded. Money over paid on applications was to be transferred to allotment account.

Mr. A, to whom 1,600 shares were allotted, fail to pay the allotment money and on his subsequent failure to pay the first call his shares were forfeited.

Mr. B, to whom 2,400 shares were allotted, failed to pay first and second calls. These shares were forfeited after final call.

Of the shares forfeited 3,200 shares (including whole shares of Mr. A) were sold to Mr. C as fully paid up for Rs.9 per share.

Pass necessary journal entries in the books of Company.

OR

Que-1 Sun Ltd. Issued 1,20,000 equity shares of Rs.10 each @ premium of Rs.3 payable as under

On Application- Rs.2.5
On allotment Rs.6.5 (including premium)
On First & Final call Rs.4

The company received applications for 1,50,000 shares. From which 1,20,000 shares allotted and excess money received on application was returned. Full amount of share allotment was received.

Rs.4,60,000 was received for first and final call. Shares on which first and final call money was not received, were forfeited and these shares were reissued at Rs.8 per share as fully paid, on which full amount was received.

Pass necessary journal entries in the books of Sun Ltd. and Prepare Share Forfeited A/C.

Que-2 The balance sheet of Krishna Co. Ltd as on 31st March, 2016 is as under. (14)

Liabilities	Rs.	Assets	Rs.
8000 Equity shares of 100 each	8,00,000	Fixed assets	9,30,000
2000 8% Red. Pref. Shares of 100 each, Rs.80 paid up	1,60,000	Investment	1,40,000
2000 10% Red. Pref. Shares of 100 each, Fully paid up	2,00,000	Stock	1,20,000
P & L A/C.	70,000	Debtors	1,80,000
Creditors	80,000	Cash/bank	1,10,000
Share premium	20,000		
General Res.	1,50,000		
	14,80,000		14,80,000

1.) Both the pref. Shares are redeemable at a premium of 10%.
2.) The company has decided to issue necessary number of equity shares of Rs.100 each at par.
3.) Cash and bank balance of Rs.60,000 is to be kept in business.
4.) Investments are sold for Rs.1,20,000.
5.) The company at its general meeting decided to utilize the resultant reserve for issuing bonus shares to equity share holders.

Write journal entries and prepare the new balance sheet after redemption.

OR

Que-2 The balance sheet of ABC company Ltd On 31-03-2016 is as under.

Liabilities	Rs.	Assets	Rs.
Equity share capital of Rs.10 each	50,00,000	Fixed assets	66,00,000
12% Debenture	25,00,000	Investment	18,00,000
Term loan	13,25,000	Stock	11,87,000
Current liabilities	8,67,000	Bank	7,10,000
General Reserve	6,50,000	Debtors	9,60,000
Profit & loss Account	3,75,000		
Security premium	5,40,000		
	1,12,57,000		1,12,57,000

1.) Buy back 20% of the paid-up share capital @ Rs.15 each.
2.) Issue 13% debenture of Rs.5,00,000 at a premium of 10% to finance the buy back of shares.
3.) Maintain a balance of Rs.3,00,000 in general reserve account.
4.) Sell investment worth Rs.8,00,000 for Rs.6,50,000.

Write journal entries in the books of ABC Ltd. & prepare balance sheet after buy back.

Que-3 Explain the term "Bonus share" with its advantages and objects. (14)

OR

Que-3 The balance sheet of Ram Company Ltd. on 31st March, 2017 read as under.

Liabilities	Rs.	Assets	Rs.
20,000 equity share capital of Rs.10 each.	2,00,000	Fixed assets	1,15,000
12% Debenture	1,20,000	Cash	30,000
P & L	1,20,000	Stock	1,35,000
Creditors	1,15,000	Bank	2,20,000
Proposed dividend	20,000	Debtors	75,000
	5,75,000		5,75,000

Additional Information :

1.) To pay the proposed dividend of 15% in cash.
2.) To issue one bonus share for every four shares held.
3.) To give existing shareholders the option to purchase one share ofRs.10 each at Rs.15 for every four shares held prior to the bonus distribution, this option being taken up by all the shareholders.
4.) To repay the debenture at a premium of 3%.

Give necessary journal entries and prepare balance sheet after effects of all transaction.

Que-4 The Asha Co. Ltd. has Issued 1,000 13.5% debentures of Rs.100 each on 1/04/2012. It was decided that every year Rs.20,000 is to be transferred to DRF A/c. From P & L Appropriation A/c. and the same amount is to be invested in such a way which would yield 10% interest On 30/09/2017. Investment of DRFI were sold at Rs.1,00,000 and debentures are redeemed. (14)

Prepare (1) Debenture Redemption Fund Account and
(2) Debenture Redemption Fund Investment Account.

OR

Que-4 (a) What is debenture? Explain its Types. (07)

Que-4 (b) The India Ltd. has raised its funds by issuing 30,000 debenture of Rs.100 each on following conditions.

1.) Debenture will be issued at 10% discount.
2.) Debenture will be redeemed at 20% Premium.
3.) Debenture will be redeemed after 10 year by giving 6 months notice.

The company follows following options for redemption.

1.) 10,000 debenture holders will accept 10% Preference shares of Rs.100 each at 20% premium.
2.) 12,000 debenture holders will accept Equity shares of Rs.10 each at Rs.12.
3.) 6,000 debenture holders will accept 15% New Debentures Rs.100 each at 10% discount.
4.) Remaining holders will accept payment in cash.

Pass necessary journal entries in books of India Ltd.

Que-5 The following trail balance is of Bharat Ltd. as at 31st March, 2016. You are required to prepare Final accounts of the company. (14)

Particulars	Dr.	Cr.
10% 5000 pref shares each of Rs.100		5,00,000
Profit in foreign Exchange		20,48,500
Creditors and Debtors	2,50,000	12,00,000
Bills payable and receivable	96,900	1,60,000
BOD and cash on hand	40,000	1,90,000
Bad debt and BDR	10,000	25,000
Sales and purchase	23,00,000	47,50,000
Goods return	50,000	40,000
Wages	1,50,000	
Inward freight	50,000	
Preliminary Exp	1,10,000	
Rent paid and unpaid rent	1,20,000	10,000
20,000 equity shares each of Rs.100		20,00,000
14% convertible debenture and its interest	70,000	20,00,000
Opening stock	1,00,000	
Plant and machinery	20,00,000	
Office Exp	86,000	
Depreciation on plant and machinery	2,00,000	
Furniture	15,00,000	
Equity share of Vandana Company	2,35,500	
Vehicles	12,00,000	
Profit and loss accounts (1/04/2015)		6,39,500
Legal fees	10,000	
Repairs and maintenance	20,000	
Audit fee	27,000	
Salary	1,80,000	
Insurance	12,000	
Bank interest	20,000	
Subscription	5,000	
Interim dividend	1,50,000	
Dividend income		23,000
Advance income-tax (2015-16)	9,00,000	
Security premium		3,30,000
TDS on dividend	4,600	
GSFC loan (mortgaged on building)		40,00,000
Building (less depreciation on 1/4/2015)	80,19,000	
	1,79,16,000	1,79,16,000

1.) Closing stock id Td.3,20,000.
2.) Selling price is determined by adding 25% on cost price.
3.) Calculate depreciation @ 10% on vehicles which was purchased on 6th November, 2015.
4.) Building depreciation isRs.14,19,000.
5.) The debentures of Rs.10,00,000 were converted into equity shares but not recorded.
6.) Proposed dividend @ 20% on equity capital.
7.) Depreciation furniture @ 5%. New furniture of Rs.40,000 is purchased on 1/07/2015.
8.) Write off preliminary exp 40% and transfer 25% of profit to General Reserve.

OR

Que-5 (a) Explain "Dividend" with its types. (07)

(b) Write short note on "Reserve and Surplus". (07)

****