

B.B.A. Semester - 3 (CBCS) Examination
December.-2020 [OLD COURSE]
CORPORATE ACCOUNTING(ELECTIVE 2)

Time: 1:30 Hours**Marks: 42****Instructions:**

1. Figure to the right indicate marks.
2. There are five questions in the question paper.
3. Answer any three of the following questions.

- Q.1 Shah Ltd. Invited applications for 10,000 shares of Rs.100 each at a discount of 6% payable (14)
as follows:

On application Rs. 25, on allotment Rs.34, on first and final call Rs.35,

The application received were for 9,000 shares and all of these were accepted. All moneys due were received except the first and final call on 100 shares which were forfeited. 50 shares were re-issued @Rs.90 as fully paid. Pass entries in the cash book and Journal of the company.

- Q.2 The following balances were extracted from the books of PRAGATI Ltd.: (14)

Rs.

- | | | |
|--|--|------------|
| 1. 8% redeemable cumulative preference shares: | | |
| 1,000 shares of Rs.100 each fully called up | | 1,00,000 |
| Less: calls unpaid at Rs.25 per share | | <u>500</u> |
| Amount paid up | | 99,500 |
| 2. Security premium account | | 14,000 |
| 3. General reserve | | 34,000 |
| 4. Cash at bank | | 55,000 |
| 5. Proposed dividend on cumulative preference shares | | 7,840 |

The directors redeemed the preference shares at a premium of 10% and for that purpose made a fresh issue of equity shares for such amount as was necessary for the purpose after utilizing the available sources to the maximum extent and satisfied the amount of preference dividend.

You are required to show the journal entries including those relating to cash for recording the above transactions. Ignore taxation.

- Q.3 What is Bonus Share? Discuss the objectives and advantages of Bonus Shares. (14)

- Q.4 Chandra Ltd. Issued 1,000 15% debentures of Rs.100 each at Rs.95 on January 1, 1994 under (14)
the following term of issue:

1. Debenture interest is payable annually on 31st December every year and
2. One-fifth of the debentures is annually redeemable, the first redemption occurring on 31st December, 1995. Show relevant accounts up to 31st December, 1996.

- Q.5 XYZ Co. Ltd. Was registered with an authorized capital of Rs.10,00,000 divided into shares (14)
of Rs. 10 each, which 40,000 shares had been issued and fully paid.

The following is the Trial Balance extracted on 31st March, 1991:

	Debit(Rs.)	Credit(Rs.)
Stock (1 st April, 1990)	1,86,420	-
Purchases and Sales	7,18,210	11,69,900
Returns	12,680	9,850
Manufacturing Wages	1,09,740	-
Sundry manufacturing wages	19,240	-
Carriage inwards	4,910	-
18% bank loan(secured)	-	50,000
Interest on bank loan	4,500	-
Office salaries and expenses	17,870	-
Auditor's fees	8,600	-
Directors remuneration	26,250	-
Preliminary expenses	6,000	
Freehold premises	1,64,210	-
Plant and machinery	1,28,400	-
Furniture	5,000	-
Loose tools	12,500	-
Debtors and creditors	1,05,400	62,220
Cash in hand	19,530	-
Cash in bank	96,860	-
Advance payment of tax	84,290	-
P&L A/c on 1 st April, 1990	-	38,640
Share capital	-	4,00,000
	<u>17,30,610</u>	<u>17,30,610</u>

You are required to prepare Trading A/c, Profit and Loss A/c and profit and loss appropriation A/c for the year ended 31st March, 1991 and Balance sheet as at that date after taking into consideration the following adjustments:

1. On 31st March, 1991 outstanding manufacturing wages and outstanding office salaries stood at Rs.1,890 and Rs.1,200 respectively. On the same date stock was valued at Rs.1,24,840 and loose tools at Rs.10,000.
2. Provide for interest on bank loan for 6 months.
3. Depreciation on plant and machinery is to be provided @ 15% while on office furniture it is to be @ 10%.
4. Write off one-third of balance of preliminary expenses.
5. Make a provision for income tax @50%
6. The directors recommended a maiden (first) dividend @ 15% for the year ending 31st March 1991 after a transfer of 5% of net profits to general reserve.
