

B.B.A. Semester - 3 (CBCS) Examination
Oct/Nov - 2022 (OLD COURSE)
CORPORATE ACCOUNTING(ELECTIVE 2)

Time: 2:30 Hours

Marks: 70

Instructions:

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

- Q.1 On 1st January, 2019, Jay Ltd makes an issue of 1,00,000 equity shares of ₹ 10 each payable as: (14)
 On application ₹ 2, On allotment ₹ 3, On first and final call ₹ 6 (three months after allotment).
 Applications were received for 1,30,000 shares and directors made allotment in full to the applicants demanding five or more shares and returned money to the applicants for 30,000 shares. One shareholder, who as allotted 200 shares, paid first and final call with allotment money and another shareholder did not pay allotment money on his 300 shares but which he paid with first and final call. Directors have decided to charge and allow interest, as the case may be, on calls-in-arrears and calls-in-advance respectively according to the provisions of Table – A. Journalise the transactions including cash transactions.

OR

- Q.1 Guddi Ltd. Purchased assets of ₹ 1,14,000 from Shah Traders. It issued equity shares of ₹ 10 each fully paid in satisfaction of their claim. What entries in the books of BRS Ltd. be made in case such issue is : (a) at par, (b) at discount of 5% and (c) at premium of 25% ?
- Q.2 Give journal entries for the forfeiture and re-issue of shares: (14)
- (a) B Ltd. forfeited 15 shares of ₹ 10 each fully called up held by Karim for non-payment of allotment money of ₹ 3 per share and final call of ₹ 4 per share. He had paid the application money of ₹ 3 per share. These shares were re-issued to Salim for ₹ 8 per share.
- (b) B Ltd. forfeited 40 shares of ₹ 10 each ₹ 7 called up, on which Mahesh had paid application and allotment money of ₹ 5 per share. Of these 30 shares were re-issued to Naresh as fully paid up for ₹ 6 per share.
- B Ltd. forfeited 100 shares of ₹ 10 each (₹ 6 called up) issued at a discount of 10% to Neeta on which she had paid ₹ 2 per share. Out of these, 80 shares were re-issued to Meeta as ₹ 8 called up for ₹ 6 per share.

OR

- Q.2 The following balances were extracted from the books of NRS Ltd.:

		₹
(1)	16% redeemable cumulative preference shares: 1,000 shares of ₹ 100 each fully called up Less: calls unpaid at ₹ 25 per share Amount paid up	1,00,000 500 99,500
(2)	Security premium account	14,000
(3)	General reserve	34,000
(4)	Cash at bank	60,000
(5)	Proposed dividend on cumulative preference shares	15,680

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.

Q.3 What is Bonus Share? Explain Merits and Demerits of Bonus Shares. (14)

OR

Q.3 What are the sources for issue of Bonus Shares? Explain the SEBI's Guidelines for issue of Bonus Shares.

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

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.

OR

Q.4 On 1st January, 2000 A Ltd. made an issue of 10,000 12 % debentures of ₹ 100 each at ₹ 98 per debenture. According to the terms of issue, commencing from 2001, the company should redeem 500 debentures either by purchasing them from the open market or by drawing lots at par at the company's option. Profit, if any, on redemption is to be transferred to capital reserve. The company's accounting year ends on 31st December. Interest payable on 30th June and 31st December.

During 2000, the company wrote off ₹ 5,000 from debenture discount account.

During 2001, the company purchased and cancelled debentures as given below:

1. ₹ 20,000 at ₹ 97 per debenture on 30th June and
2. ₹ 30,000 at ₹ 96 per debenture on 31st December.

Give journal entries in the books of A Ltd. for both the years.

Q.5 Bhakti Co. Ltd. was registered with an authorized capital of ₹ 4,00,000 divided into shares of ₹ 10 each, of which 40,000 shares had been issued and fully paid. (14)

The following is the Trial Balance extracted on 31st March, 2022:

	Debit	Credit
Stock (1 st April, 2021)	1,50,000	—
Purchases and Sales	7,00,000	12,00,000
Returns	12,000	10,000
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	1,05,090	—
Cash at bank	96,860	—
Advance payment of tax	84,290	—
P&L A/c on 1 st April, 2021	—	38,640
Share capital	—	4,00,000
	<u>17,60,860</u>	<u>17,60,860</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, 2022 and Balance Sheet as at that date after taking into consideration the following adjustments:

- (i) On 31st March, 2022 outstanding manufacturing wages and outstanding office salaries stood at ` 1,890 and ` 1,200 respectively. On the same date stock was valued at ` 1,24,840 and loose tools at ` 10,000.
- (ii) Provide for interest on bank loan for 6 months.
- (iii) Depreciation on plant and machinery is to be provided @ 15% while on office furniture it is to be @ 10%.
- (iv) Write off one-third of balance of preliminary expenses.
- (v) Make a provision for income tax @ 50%.
- (vi) The directors recommended a maiden (first) dividend @ 15% for the year ending 31st March, 2022 after a transfer of 5% of net profits to general reserve.

OR

Q.5 The following balances appeared in the books of Jigu Ltd. as on 31st March, 2022:

	Debit	Credit
Equity shares of ` 10 each, fully paid up	–	6,00,000
General reserve	–	2,30,000
Unclaimed dividend	–	526
Trade creditors	–	42,858
Buildings at cost	1,50,000	–
Purchases	5,00,903	–
Sales	–	10,83,947
Manufacturing expenses	3,50,000	–
Establishment charges	26,814	–
General charges	31,078	–
Machinery at cost	2,30,000	–
Furniture at cost	5,000	–
Opening stock	1,72,058	–
Book debts	2,32,380	–
Investments	2,88,950	–
Provision for depreciation on fixed assets	–	91,000
Advanced payment of income-tax	50,000	–
Cash at bank	72,240	–
Directors fees	1,800	–
Interest on investments	–	8,544
Profit and loss account	–	16,848
Staff provident fund	–	37,500
	<u>21,11,223</u>	<u>21,11,223</u>

From the above mentioned balances and the following information, prepare the company's Profit and Loss Account for the year ended on 31st March, 2022 and Balance Sheet as on that date:

- (i) The stock on 31st March, 2022 was valued at ` 1,48,680.
- (ii) Provide ` 19,000 for depreciation on fixed assets and ` 8,000 for manufacturing director's remuneration.
- (iii) Interest accrued on investment amounted to ` 2,750.
- (iv) Make a provision of ` 40,000 for income-tax.
- (v) The directors propose a dividend @ 10% after transfer of ` 35,000 to general reserve.
