647510 **BBA3CA0E0210** **Seat No :________**

B.B.A. Semester - 3 (*CBCS*) Examination
Oct/Nov. -2019(Old Course)
CORPORATE ACCOUNTING (ELECTIVE 2)

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

Instructions:

1. Give answer of the entire question in one answer book only.
2. Show working as a part of your answers.
2. Figures to the right side indicate full marks of the question.

Que-1 Moon company ltd. issued a prospectus inviting application for 40,000 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 Rs.3

Applications were received for 60,000 shares and allotment made pro-rata to the applicants of 48,000 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 1600 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call his shares were forfeited.

Mr. B, to whom 2000 shares were allotted, failed to pay first and second calls. These shares were forfeited after final call.

All the shares were sold to Mr. X, as fully paid, for Rs.8 per share.

Pass necessary journal entries in the books of Company

OR

Que-1 Sun Ltd. Issued 2,40,000 equity shares of Rs.10 each @ premium of Rs.3 payable as under [14]

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

The company received applications for 3, 00, 000 shares. From which 2, 40,000 shares allotted and excess money received on application was returned. Full amount of share allotment was received

Rs. 9, 20, 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.

Que-2 The balance sheet of Krishna Co. Ltd as on 31st march ,2018 is as under [14]

Liabilities	Rs.	Assets	Rs.
4000 Equity shares of 100 each	4,00,000	Fixed assets	4,65,000
1000 8% Red. Pref. Shares of 100 each,Rs.80 paid up	80,000	Investment	70,000
1000 10% Red. Pref. Shares of 100 each, Fully paid up	1,00,000	Stock	60,000
P & L A/C	35,000	Debtors	90,000
Creditors	40,000	Cash/bank	55,000
Share premium	10,000		
General Res.	75,000		
	7,40,000		7,40,000

1) Both the pref. Shares redeemed 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.30,000 is to be kept in business
4) Investments are sold for Rs.60,000
5) The company at its general meeting decided to utilise the resultant reserve for issuing bonus shares to equity share holders

Write journal entries prepare the new balance sheet after redemption

OR

Que-2 The balance sheet of ABC company Ltd. On 31-03-2018 is as under. [14]

Liabilities	Rs.	Assets	Rs.
Equity share capital of Rs.10 each	25,00,000	Fixed assets	33,00,000
12 % Debenture	12,50,000	Investment	9,00,000
Term loan	6,62,500	Stock	5,93,500
Current liabilities	4,33,500	Bank	3,55,000
General Reserve	3,25,000	Debtors	4,80,000
Profit & loss Account	1,87,500		
Security premium	2,70,000		
	56,28,500		56,28,500

1) Buy back 20% of the paid-up share @ Rs.15 each
2) Issue 13% debenture of Rs.2,50,000 at a premium of 10% to finance the buy back of shares
3) Maintain a balance of Rs.1,50,000 in general reserve account
4) Sell investment worth Rs.4,00,000 for Rs.3,25,000

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 objective. [14]

OR

Que-3 Discuss in detail “Right Share” and “Bonus Share.”

Que-4 The Aisha Co.ltd has Issued 1,000 13.5% debentures of Rs.100 each on 1/04/2013.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 30/09/2018.Investment of DRFI was 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] Types of Debenture [07]

Que-4 [B] The India Ltd has raised its funds by issuing 30,000 debenture of Rs. 100 each on following conditions [07]

1. Debenture will be issued at 10% discount
2. Debenture will be redeemed at 20% Premium
3. Debenture will be redeemed after 10 years 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 trial balance is of Bharat Ltd. as 31st march 2018. You are required to prepare Final accounts of the company. [14]

Debit balances	Amount	Credit balances	Amount
Stock	50,000	Equity share capital	2,50,000
Purchases	3,00,000	Sales	4,05,000
Wages	70,000	Creditors	35,200
Printing	2,400	Discount	3,150
Advertising	14,300	Profit & loss a/c	16,220
debtors	48,700	General reserve	25,000
discount	4,200	Loan from MD	15,700
Insurance premium	6,720		
Salaries	18,500		
Rent	6,000		
General expenses	8,950		
Plant and machinery	80,600		
Cash at bank	1,34,700		
furniture	17,000		
Bad debt	3,200		
Calls-in arrears	5,000		
	7,70,270		**7,70,270**

Additional information

1. Closing stock Rs.111500
2. Provide depreciation on plant @ 10% and furniture @20% p.a.
3. Outstanding liabilities: wages 5200,salaries 1200,rent 600
4. Prepaid insurance Rs.800
5. Provide for general reserve Rs.10000 and proposed dividend @ 10%

Que-5 The following trial balance is of Bharat Ltd. As at 31st March 2018.You are required to prepare Final accounts of the company.

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(1/04/2017)		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(17-18)	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 1/4/17	80,19,000	
	1,79,16,000	1,79,16,000

1. Closing stock is Rs.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,2017
4. Building depreciation is Rs.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. Depreciate furniture @ 5%.New furniture of Rs.40,000 is purchased on 1/07/2017
8. Write off preliminary exp 20% and
9. Transfer 25% of profit to General Reserve

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