

B.B.A. Semester - 3 (CBCS) Examination
Oct/Nov - 2022 [NEW COURSE]
Corporate Accounting(Elective)

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

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

- 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% ? (14)

OR

- Q.1 On 1st January, 2019, Jay Ltd makes an issue of 1,00,000 equity shares of ` 10 each payable as: 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.

- Q.2 Raj Ltd. invited applications for 1,000 shares of ` 100 each at a discount of 6% payable as follows: (14)

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

The applications received were for 900 shares and all of these were accepted. All moneys due were received except the first and final call on 10 shares which were forfeited. 5 shares were re-issued @ ` 90 as fully paid. Pass entries in the cash book and Journal of the company.

OR

- Q.2 Give journal entries for the forfeiture and re-issue of shares:

- 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.
- C. 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.

- Q.3 The following balances were extracted from the books of NRS Ltd.: (14)

(1)	16% redeemable cumulative preference shares:	
	1,000 shares of ` 100 each fully called up	1,00,000
	Less: calls unpaid at ` 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	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.

OR

- Q.3 Nayana Ltd. had ₹ 1,00,000 equity share capital (₹ 10), 1,000 8% ₹ 100 redeemable preference shares and ₹ 60,000 and ₹ 40,000 respectively in general reserve and profit and loss account. It had also ₹ 3,000 in security premium account. The company exercised its option to redeem the preference shares at 10% premium.

For this purpose 5,000 ₹ 10 rights shares were issued at 10% premium which were fully paid at a time. The company had also ₹ 30,000 investments which were sold for ₹ 38,000.

All payments were made except to holders of 50 shares who could not be traced.

The directors then issued bonus shares to the then shareholders at the rate of 2 for 3 held at 5% premium.

Pass journal entries assuming that directors want there should be minimum reduction in free reserve.

- Q.4 What is Bonus Share? Explain Merits and Demerits of Bonus Shares. (14)

OR

- Q.4 What are the sources for issue of Bonus Shares? Explain the SEBI's Guidelines for issue of Bonus Shares.

- 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:

- 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.
- Provide for interest on bank loan for 6 months.
- Depreciation on plant and machinery is to be provided @ 15% while on office furniture it is to be @ 10%.
- 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.
