

BBA Examination Nov – 2016

Semester – III

Paper No :305

Paper Name :Principles and Practices of Corporate Accounting - I

Paper Code :3724

Time : 2.30 Hours

Maximum Marks : 70

- Q – 1 [A] ABC Co. Ltd issued 1, 00,000 equity shares each of Rs. 10 at 20% premium, amount collected as under:

With application 2 per share; with allotment 5 per share (including premium); remaining with final call

1, 05,000 applications were received excess applications were rejected and refunded. All the due sums were received except Ravi who holding 200 shares did not pay allotment and call money. His shares were forfeited and reissued with maximum possible discount. [10]

- Q – 1 [B] What is Pro-rata allocation of Shares [04]

OR

- Q – 1 Hiral Limited Company has issued 20,000 equity shares of Rs.10 each at a premium of Rs.2 per share payable as follows: [14]

Application Rs. 2; Allotment Rs. 5 (including premium); First call Rs. 3; Final call Rs. 2

Applications were received for 28,000 shares and pro-rata allotment was made on the application for 24,000 shares. Money overpaid on applications was used on account of sum due on allotment.

Ravi to whom 400 shares were allotted failed to pay the allotment money

Manu the holder of 600 shares failed to pay the two calls

Show necessary journal entries and prepare balance sheet.

- Q – 2 [A] A company issued 2000 10% Debentures of Rs. 100 each at 3% discount on 1st January, 2011. It undertake to repay the debentures at par as below: [10]

Date	Debentures
31 st December, 2011	800
31 st December, 2012	600
31 st December, 2013	400
31 st December, 2014	200

Prepare Debenture Discount Account in the books of the company

- Q – 2 [B] What is debenture? List out its types [04]

OR

- Q – 2 Explain Sinking Fund Method? Write Specimen (format) of sinking Fund Account and Sinking Fund Investment Account [14]

- Q – 3 [A] Anita Ltd has 1000 6% Redeemable Preference shares of Rs. 100 each fully paid. The profit and loss account showed a credit balance of Rs. 70,000. The company decided to redeem the Preference shares and for this purpose, the company issued 400 Equity Shares of Rs. 100 each. These shares were fully subscribed and the full amount was received. The redemption was duly carried out.

Pass necessary journal entries to record the above transactions. [10]

- Q – 3 [B] List out sources of Bonus shares [04]

OR

- Q – 3 [A] What is preference shares? Explain procedure to redeem redeemable preference shares [07]

- Q – 3 [B] What is Bonus shares? Explain Guidelines on issue of Bonus shares [07]

- Q – 4 The following is the balance sheet of Mukti Co. Ltd. as on 31-3-2014 : [14]

Liabilities	Amt.	Assets	Amt.
30,000 eq. shares of 10 each fully paid	3,00,000	Land & building	150000
2,000 10% R.P.S. of Rs. 100 each 80 paid up	1,60,000	Plant and machine	3,00,000
General Reserve	60,000	Investment	75,000
Share premium	30,000	Stock	80,000
Dividend eq. fund	40,000	Debtors	75,000
Profit and loss A/c	20,000	Cash and bank	70,000
10% Bank loan	1,10,000		
Current liabilities	30,000		
	7,50,000		7,50,000

On 1-4-2014 the Board of Directors of the company decided :

- (1) To redeem the redeemable preference shares at 10% premium after observing the provisions of the Company Act 1956 strictly in this regard.
- (2) To issue necessary new equity shares of Rs. 10 each at 10% discount for the purpose of the redemption of preference shares.
- (3) To maintain minimum cash balance of Rs. 50,000 in the business.
- (4) All the pref. shareholders paid in full and all investment are sold for Rs 70,000.
- (5) To capitalize undistributed profit by way of bonus shares, one equity share for every three equity shares held on 31st March, 2014

Pass necessary journal entries of above transactions and prepare revised balance sheet.

OR

- Q – 4 The Balance sheet of Kavindra Co. Ltd. as on 31-3-2013 is as follows: [14]

Liabilities	Amt Rs.	Assets	Rs.
3000 10% Redeemable Pref. shares of Rs. 100 each (Rs.75 paid up)	2,25,000	Plant	6,00,000
10,000 Equity shares of Rs. 100 each	10,00,000	Building	5,00,000
Reserves	4,50,000	Furniture	1,00,000
P&L A/c	50,000	Stock	2,00,000
Creditors	2,75,000	Debtors	3,00,000
		Cash	1,00,000
		Bank	2,00,000
	20,00,000		20,00,000

Other information:

- 1) The preference shares are redeemable on 1-4-2013 at a premium of 10%
- 2) The company has issued 1500 cumulative preference shares of Rs. 100 each with 25% premium for the redemption purpose
- 3) Cash and Bank balance of Rs. 2,32,500 is to be kept in business
- 4) The company at its general meeting resolved that Bonus shares to equity shareholders will be given at the rate of one share for every five shares held.

Write journal entries and prepare new Balance Sheet as it will appear after the above decision have been implemented

Q – 5 The following balances from the books of Kavita Ltd. as on 31st March – 2013

[14]

Debit Balances	Rs.	Credit Balances	Rs.
Land and building	1,50,000	10% Debentures	
Salaries	12,000	(to be redeemed on 31 st March – 2017)	1,00,000
Debtors	80,000	General reserve	40,000
Discount on debentures	5,000	Equity capital	2,00,000
Income –tax paid in advance	25,000	(2000 shares Rs. 100 each)	
Income-tax paid (last year's)	30,000	Capital reserve	7,000
Plant and Machinery	2,50,000	Fixed deposit	30,000
Loose tools	10,000	Bank loan (secured)	10,000
Equity shares in Mithun Ltd.		Provision for taxation (1/4/2012)	35,000
(Rs.100 each Rs. 75 paid up per share)	15,000	Profit & Loss Appro. A/c(1/4/2012)	80,000
Cash and Bank	27,500	Creditors	60,000
Audit fees	2,500	PF	12,000
Custom deposit	5,000	Development Rebate Reserve	5,000
Bills	20,000	Unclaimed dividends	15,000
Director's Fees	15,000	Bills	20,000
Goodwill	55,000	Forfeiture share A/c	25,000
Interest on debentures	5,000	Interest and dividend(Gross Rs. 10000)	8,000
Unpaid calls	18,000	Interest accrued but not due on loan	3,000
Stock (31/03/2013)	25,000	Gross profit	1,00,000
	7,50,000		7,50,000

Adjustments:

- 1) Out of debtors Rs. 10000 are due for more than six months
 - 2) Provide depreciation at the rate of 10% on land and buildings and 2% on plant and machinery
 - 3) Provision for income tax is to be made for Rs. 20000. Assessment for the year has been completed without any dispute
 - 4) The Directors of the company have proposed 10% dividend on equity shares after setting aside Rs. 10000 to General Reserve
 - 5) Salaries include Rs. 4000 for the purchase of machinery
- From the above particulars prepare final account of the company.

OR

Q – 5 Prepare Vertical form of P & L A/c and Balance Sheet with Dummy Figures
