



BBC-1604

Seat No. _____

B. B. A. (Sem. - II) Examination

April/May - 2014

Corporate Accounting : Paper - I

Time : 3 Hours]

[Total Marks : 70

- Instructions :**
- (1) Question No. 1 and 4 is compulsory and remaining has options.
 - (2) Numbers to the right indicates marks.
 - (3) All the necessary calculations will be considered as part of answer.
 - (4) Simple calculator will allow to be used.

- 1 (a) What do you mean by the term 'Share' ? **6**
Discuss the type of shares, which can be issued under the Companies Act, 1956 as amended to date.
- (b) What is Bonus Share ? Give reasons for issue of bonus share. **3**
- (c) Explain the following terms in brief : **3**
(i) Dividend
(ii) Propose Dividend
(iii) Interim Dividend
- 2 HDP Ltd. issued 50,000 equity shares of Rs. 100 **12**
each at 10% premium. Amount called by the company as under :
- On application Rs. 20 per share
On Allotment Rs. 35 per share (including premium)
On First Call Rs. 35 per share
On Final Call Rs. 20 per share

- Company received applications for 55,000 shares out of these, applications for 5,000 shares were rejected and amount received on it has returned.
- A share holder, Mr. Dinesh to whom 1,000 shares allotted failed to pay the first call money.
- One another share holder Mr. Kalpesh who holds 1,500 shares has paid amount of final call with first call.
- Mr. Dinesh paid his arrear amount of first call at final call.
- Remaining all the amounts called by the company received fully time to time.

Pass the necessary journal entries and prepare calls in arrears account and calls in advance account in the books of the company.

OR

- 2** Kamal Limited issued 1,00,000 equity share of **12** Rs. 10 each at discount of Rs. 1 per share. Amount called up per share was as under.

Rs. 2 on application

Rs. 3 on allotment

Rs. 3 on first call

Rs. 1 on final call

The issue was fully subscribed. All the sums due were duly received except money due on first and final call on 1,000 shares held by Mr. Jatin. After carrying out necessary formalities, company forfeited Mr. Jatin's shares. These shares were reissued to Mr. Nitin at Rs. 8 per share as fully paid up.

Write journal entries for above transactions and prepare Share Forfeiture Account in the books of company.

3 The Balance Sheet of Dharti Ltd. as on 31st March 2013 is as under : 11

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
4,000 equity shares of Rs. 100 each, Rs.90 paid up	3,60,000	Fixed Assets	4,50,000
General Reserve	2,00,000	Stock	50,000
Profit and Loss Account	1,00,000	Sundry debtors	1,00,000
Sundry creditors	60,000	Cash and Bank	1,20,000
	7,20,000		7,20,000

On 1.4.2013 the company decided to declare bonus as follows.

- (i) Convert its partly paid up share into fully paid up by using Profit and Loss Account.
- (ii) Issue one equity share for every four equity share held by using General Reserve.

Pass the necessary journal entries in the books of the company and prepare Balance Sheet thereafter.

OR

3 The Balance Sheet of Aalap Limited as at 31.3.2013 is as follows : 11

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Authorized Share Capital 1,50,000 equity share of Rs. 10 each	15,00,000	Sundry Assets	14,50,000
Issued and paid up capital 80,000 equity share, Rs.7.5 per share called and paid up	6,00,000		
Capital Redemption Reserve	1,50,000		
General Reserve	3,00,000		
Security Premium	1,50,000		
Sundry Creditors	2,00,000		
Bills payable	50,000		
	14,50,000		14,50,000

- Company has called the amount of final call of Rs. 2.5 per share and all the share holders have paid the due amount.
- The company has issued bonus share to its share holders @ one share for every two share held for this purpose Security Premium Account and Capital Redemption Reserve Account used fully and the balancing amount taken from General Reserve Account.

Pass necessary journal in the books of the company to record the above transactions and prepare Balance Sheet thereafter.

4 The following is the Trial Balance of Axe. Ltd. 14
on as 31st March, 2013.

Trial Balance as on 31.3.13

<u><i>Debit Balances</i></u>	<u><i>Rs.</i></u>	<u><i>Credit Balances</i></u>	<u><i>Rs.</i></u>
Debenture Rede. fund investment	3,00,000	Eq. Share Capital (each of Rs. 100)	20,00,000
Free hold Land	5,40,000	General Reserve	2,00,000
Building	6,00,000	Deben. Rede. Fund	3,00,000
Plant and Mach.	12,00,000	Int. on D.R.F. Inve.	20,000
Furniture	2,00,000	Securities Premium	50,000
Stock (1.4.2012)	3,20,000	P&L Account (1.4.12)	3,00,000
10% Govt. Loan (F.V. Rs. 2,00,000 pur. on 1.10.2012)	3,80,000	10% deben. (Repay. on 31.3.16)	4,00,000
Eq. share of TQM Ltd. (of Rs. 100 each, Rs. 50 paid up)	2,00,000	Unclaimed Div.	20,000
Debtors	4,00,000	Creditors	3,60,000
Cash	36,000	Bank Overdraft	1,56,000
Purchase	8,74,000	Sales	16,54,000
		Unpaid Salary	40,000
		In. Tax Prov. (2011-12)	4,00,000
		Public Deposits	1,00,000

Debenture Interest	30,000	
Administrative Exp.	2,40,000	
Selling and Distribution Exp.	60,000	
Salary	1,60,000	
Adv. In. Tax (2011-12)	3,00,000	
Adv. In. Tax(2012-13)	60,000	
Dep. with Guj. Ele. Board	60,000	
	60,00,000	60,00,000

Additional Information :

- (1) The closing stock was estimated Rs. 2,83,500.
 - (2) Dividend at 5% declared on paid up capital by the board.
 - (3) Provide depreciation @ 5% on building, 8% on furniture and @ 10% on Machinery.
 - (4) Rs. 1,00,000 were transferred to general reserve.
 - (5) During the year income tax assessment for the accounting year 2011-12 has been completed and tax liability is determined at Rs. 4,40,000.
 - (6) Provision for income tax @ 50% of the net profit was made for current year.
 - (7) Of the Debtors Rs. 20,000 for more than 6 months.
- Prepare final accounts of the company in horizontal form.

- 5 (a) Write the journal entries for the following 8 transactions in the books of the company.
- (i) A company converted its 100 equity shares of Rs. 10 each into Equity Stock of Rs. 1100.
 - (ii) A company issued an Equity Stock of Rs. 900 for every 100 Equity shares of Rs. 10 each fully paid up.

- (iii) Maya Ltd. registered with a capital of 5,000 Equity Shares of Rs. 100 each fully paid resolve to subdivide its every equity share into 4 equity shares of Rs. 10 each and 1 preference shares of Rs. 10 each fully paid.
 - (iv) The authorized capital of a company was Rs. 4,00,000 consisting of 4,000 shares of Rs. 100 each and it was increased to Rs. 8,00,000.
- (b) Give the distinction between Share and Share stock. 3

OR

- 5 (a) Write short notes on : 8
- (i) Sub-division and consolidation of shares.
 - (ii) Diminution of Capital
- (b) The share capital of the company consist 3
1,00,000 equity shares of Rs. 100 each. The company has passed resolution to subdivide its each equity share of Rs. 100 into 6 equity shares of Rs. 10 each and 8 preference shares of Rs. 5 each. Write journal entry.
- 6 Answer the following questions : (any five) 10
- (i) Give the name for four items shown under the heading "Miscellaneous Expenses" in companies balance sheet.
 - (ii) What is the contingent liability ?
 - (iii) What are the difference between Provision and Reserve ?
 - (iv) In which account "Interest Received on Debenture Redemption Fund Investment" will be credited ? And Why ?

- (v) Under which heading the following items are shown while preparing final accounts of the company ?
- (a) Provident Fund Investment
 - (b) Provident Fund
 - (c) Bills Payable
 - (d) Patent
- (vi) Give the distinction between Capital Reserve and Reserve Capital.
- (vii) How calls in arrears and share forfeiture account shown in balance sheet of the company ?
-