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Roll No.

Total No. of Questions : 18

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BBA (Sem.–5)

CORPORATE ACCOUNTING

Subject Code : BBA-521-18

M.Code : 78196

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTIONS TO CANDIDATES :

1. SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.
2. SECTIONS-B consists of FOUR Sub-sections : Units-I, II, III & IV.
3. Each Sub-section contains TWO questions each, carrying TEN marks each.
4. Student has to attempt any ONE question from each Sub-section.

SECTION-A

Write briefly :

1) Right Shares
2) Authorised Share Capital
3) Cumulative Preference Shares
4) Debenture Redemption Reserve
5) Managerial Remuneration
6) Preliminary Expenses
7) Subsidiary Company
8) Capital Reserve
9) Buy Back of Shares
10) Issue of Shares at Discount

SECTION-B

UNIT-I

11) X Co. Ltd. issued 1,00,000 equity shares of Rs. 10 each payable as Rs. 3 on application, Rs. 4 on allotment and balance in two calls of equal amount. This issue had overwhelming response from the market and total number of application were received for 2,75,000 shares. The company decided to make pro-rata allotment as follows:

    a) Applicants who applied for 50,000 shares were allotted 30,000 shares.

    b) Applicants who applied for 25,000 shares were allotted 25,000 shares.

    c) Applicants who applied for 2,00,000 shares were allotted 45,000 shares.

    Assuming that all applicants paid their dues in time and the excess was adjusted against future calls, pass necessary journal entries.

12) What do you mean by Bonus Shares? What are the source from which a company can issue bonus shares? Also discuss the impact of issue of bonus shares on the balance sheet of the company.

UNIT-II

13) What are preference shares? Write a detailed note on the accounting process for redemption of preference shares.

14) What are debentures? Write a detailed note on various types of debentures. Also discuss the accounting procedure for issuing and redemption of debentures.

UNIT-III

15) What is a financial report? Write a detailed note on major components of financial reports in India. Also discuss the recent trends in corporate financial reporting in India.

16) What are consolidated Profit and Loss Account and Balance Sheet? How the consolidated financial statements are different from standalone financial statements?

UNIT-IV

17) What is profit (loss) prior to incorporation? Discuss the accounting process for recording and amortizing the profit (loss) prior to incorporation.

18) The following balance were extracted from the books of X Co. Ltd. as on 31-03-2019 :

Debit Balance	Amount (Rs. In 000)	Credit Balance	Amount (Rs. In 000)
Freehold land	2,00,000	Income from investment	4,000
Building	1,60,000	Provision for bad and doubtful debts	2,000
Furniture	19,000	Creditors	30,000
Debtors (unsecured)	1,50,000	8% Debentures	1,00,000
Opening stock	60,000	Equity share capital	3,66,500
Cash at bank	5,000	9% Preference share capital	1,00,000
Cash in hand	1,000	Security premium	10,000
Purchase	2,90,000	Bank overdraft	58,500
Wages	15,000	Sales	4,50,000
Freight	3,000	Profit & Loss Account (1-4-2018)	3,500
Carriage	2,000		
Salaries	2,90,000		
Misc. Expenses	8,000		
Investment in shares	1,80,000		
Interest on debentures	3,000		
Bad debts	1,000		
Repairs and maintenance	1,500		
Advance payment of income tax	6,000		
Total	**11,24,500**		**11,24,500**

Additional Information :

a) Authorized share capital of the company is Rs. 10 Lakhs, which comprises 80000. Equity shares of Rs. 10 each and 40000. 9% Preference shares of 5 each. The company has issued 40,000. Equity shares and 20,000. 9% Preference shares, which are fully called up.

b) As on 31-02-2019, market value of investments was Rs. 2,00,000.

c) Depreciation is to be charged on written down value of building and furniture 20% and 10% respectively.

d) The company has resolved to pay dividend on preference shares.

e) Rs. 10000 out of debtors are irrecoverable and an additional provision for bad and doubtful debts is required to be maintained 10%.

f) Managing director of the company is entitled to 5% remuneration on the annual set profit (if any).

You are required to prepare the Profit and Loss Account of the company for the year ended 31-3-2019 and Balance Sheet as on the same date.

NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.

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Subject Code : BBA-521-18

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Date of Examination : 02-12-2024

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SECTION-A

1. **Write short notes on the following :**

   a) Capital Redemption Reserve

   b) Issue of Shares at Discount

   c) Pre-emptive Right

   d) Convertible Debentures

   e) Non-participating Preference Shares

   f) Managerial Remuneration

   g) Capital Reserve

   h) Minority Interest

   i) Subsidiary Company

   j) Fixed Assets

SECTION-B

UNIT-I

2. Pioneer Construction Company Ltd. issued for public subscription 20,000 Equity Shares of Rs. 10 each at 20% premium payable as Rs 3 per share on application, Rs 5 per share on allotment (including premium) and balance in two calls of equal amount. Applications were received for 30,000 shares. The shares were allotted pro-rata to the applicants for 24,000 shares, the regaining applications being rejected. Money overpaid on application was utilized towards sums due on allotment.

   All money due were received except that a shareholder to whom 1,000 shares were allotted failed to pay both calls. These shares were forfeited and subsequently re-issued at Rs 11 per share as fully paid-up. You are required to pass the necessary journal entries in the books of the company.

3. Distinguish between bonus shares and bonus debentures. Describe the various types of reserves that can be used for issuing bonus shares. Also briefly discuss the impact of bonus shares on the balance sheet of the company.

UNIT-II

4. The capital structure of a company consists of 20,000 equity, shares of Rs. 10 each fully paid- up and 1,000 8% Redeemable. Preference Shares of Rs. 100 each Rs. 90 paid-up Undistributed reserve and surplus are General/Reserve Rs. 80,000; Profit and Loss Account Rs. 30,000, Investment Allowance Reserve (out of which 5,000 not free for distribution's dividend) Rs 10,000; Security Premium Rs. 12,000. Cash at bank amounted to Rs. 98,000. Preference Shares are to be redeemed at a premium of 10% and for the purpose of redemption, the directors are empowered to make fresh issue of equity shares at par after utilizing the undistributed reserves and surplus subject to the condition that a sum of Rs 10,000 shall be retained in general reserve and which should not be utilized.

   You are required to pass the necessary journal entries for redemption of preference shares.

5. What do you mean by debentures? Discuss various types of debentures that are permitted to be issued in India. Also discuss various methods for redemption of debentures.

UNIT-III

6. Following is the Trial Balance of Bee Ltd. on March 31, 2022:

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Opening Stock	75,000	Purchase Returns	10,000
Purchases	2,45,000	Sales	3,40,000
Wages	30,000	Discount	3,000
Carriage Inwards	950	Profit and Loss Account	15,000
Furniture	17,000	Share Capital	1,00,000
Salaries	7, 500	Trade Creditors	17,500
Rent	4,000	General Reserve	15,300
Sundry Expenses	7,050	Bills Payable	7,000
Dividend Paid	9,000		
Trade Debtors	27,500		
Plant and Machinery	29,000		
Cash at Bank	46,200		
Patents	4,800		
Bills Receivables	5,000		
Total	**5,08,000**	**Total**	**5,08,000**

Prepare a statement of Profit and Loss Account for the year ended March 31, 2022 and Balance sheet as on that date after considering the following adjustments:

a) Stock as on March 31,2022 is Rs. 88,000

b) Depreciate Plant and Machinery at 15 % and Furniture at 1.0%.

c) Provide Rs. 510 for doubtful debts

7. Write a detailed note on the provisions contained in the Companies Act regarding preparation of Statement of Profit and Loss and Balance Sheet of a company.

UNIT-IV

8. What do you mean by consolidated balance sheet? Differentiate between consolidated and standalone balance sheet.

9. What do you mean by Annual Report? Discuss the major components of an Annual Report as per Indian Companies Act. Also discuss the recent trends in financial reporting in India.

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