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(A15 B)

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**SARDAR PATEL UNIVERSITY**  
**BBA (II Semester) Examination**  
**Monday, 30 March 2015**  
**2.30 - 4.30 pm**  
UM02CBBA02/07 - Corporate Accounting I

**Total Marks: 60**

Q.1

- (A) Prashant Limited issued 50,000 Equity Shares of Rs.10 each at a premium Rs.2 per share, payable as Rs.3 per share on application, Rs.5 per share (including premium) on allotment, Rs.2 per share on the First Call and Rs.2 per share on the Final Call, the issue was oversubscribed three times and applications for 30,000 shares were rejected. Remaining applicants were allotted pro-rata and excess application Money was retained for Subsequent Calls. Assume that all the Calls were received in due course. [10]  
Pass necessary journal entries.

- (B) Describe Types of Share Capital. [05]

**OR**

Q.1

- (A) Sonata Limited issued 10,000 equity shares of Rs.10 each at 10% discount payable ad Rs.25 per share on application, Rs.25 per share allotment and Rs.20 per share each on First Call and Second Call. Company received applications for 12000 Shares and excess application Money was refunded. [10]

Subsequent Calls were received in due course, except,

- (1) Mr. X made Full payment on 50 shares with allotment money.  
(2) Mr. Y failed to pay Second Call on 60 shares.

- (B) Write provisions relating to issue of shares at discount. [05]

- Q.2 SUN Limited issued 10,000, 9% Secured debentures of Rs.100 each at 5% discount on 1-4-2006. The interest on debentures is paid and payable on 31<sup>st</sup> March every year For the purpose of redemption of debentures Company decided to appropriate Rs. 80,000 every year and invest the same in 8% marketable securities. The debentures are to be redeemed at the end of ten years. [15]

Pass all necessary journal entries in the books of Company for First three years.

**OR**

Q.2

- (A) On 1-4-2007 MTK Limited issued 6000, 9% debentures of Rs.100 each at Rs.95 per debenture. As per the terms of issue the debentures are to be repaid in four equal annual installments commencing from 31-3-2008. The discount on debentures is to be written off in a suitable proportion. [06]

Prepare Debentures Discount A/c.

- (B) Give journal entries for the following. [05]

1. Paras Limited issued 5000, 8% debentures of Rs.100 each at 4% discount, redeemable with 5% premium after five years.
2. Krishna Limited converted 6000, 10% debentures of Rs.100 each by issue of Four equity shares of Rs.10 each in exchange of every debenture.

- (C) Write note on Debenture Redemption Fund. [04]

Q.3 Balance Sheet of Ravi Limited is as under on 31-3-12:

[15]

Liabilities	Rs.	Assets	Rs.
Equity Share Capital Share of Rs. 10 each	750000	Fixed Assets	700000
8% Red. Pref. Share Capital Shares of Rs.100 each	250000	Investments	120000
Security premium	10000	Cash & Bank	170000
General reserve	190000	Other Current assets	460000
Profit & Loss A/c	75000		
Sundry liabilities	175000		
	<b>1450000</b>		<b>1450000</b>

On 1-4-12 the company decided to redeem the redeemable preference shares with 10 % premium. For this purpose half of the investments were sold for Rs.55,000 and new 10,000 equity shares of Rs. 10 each were issued at par.

After the redemption of redeemable preference shares the equity shareholders were given bonus shares in the ratio of one share of Rs.10 each for every Five shares held on 31-3-12.

Give journal entries and prepare Balance Sheet of the Company thereafter.

OR

Q.3

(A) Following balances appeared in the books of Swastik Limited on 1-4-2011. [09]

	Rs.
8% Red. Pref. Share Capital (80% paid-up)	2,40,000
Share premium	20,000
General reserve	1,90,000
Profit & Loss A/c	60,000
Cash & Bank	2,25,000

The Red. Pref. Shares are to be redeemed after observing legal provisions with 10% premium. For this purpose 1000, 7% Cumulative Preference Shares of Rs.100 each were issued at par.

Give journal entries

(B) Discuss the provisions and guidelines for issue of Bonus Shares. [06]

- Q.4 Prepare Profit & Loss A/c and Profit & Cost A/c for the year and Balance [15] sheet as on 31-3-2012. From the following balances and additional information of Chandan Limited.

Debit Balances	Rs.	Credit Balances	Rs.
Land & Buildings	160000	Share Capital	200000
Government Securities	21000	Sinking Fund	28500
Plant-Machinery	150000	Shares' Forfeiture a/c	4000
Closing Stock	225000	Gross profit	182000
Sundry Debtors	70000	8% Debentures	160000
Sinking fund investments	35000	General reserve	30000
Stores & spare parts	25000	Public deposits	20000
Cash & bank	27000	Interest & dividend	4500
Bills receivables	15000	Bank loan (secured)	80000
Administration Exp.	43000	Creditors	22000
Selling expenses	12000	Provident Fund	14000
Advance Tax	18000	Capital reserve	25000
Debenture discount	4000	Unclaimed dividend	3000
Director fees	3000	Bills payable	12000
Prepaid expenses	12000	Profit & Loss A/c (1-4-11)	43000
Interest on debentures	8000		
	<b>828000</b>		<b>828000</b>

Additional Information :

1. Depreciation is to be provided at 4% on Land-Buildings and Plant-Machinery.
2. Out of debtors Rs.10,000 are due for more than Six months and bad debts reserve is to be Kept 5%
3. For current year provision for tax is required Rs.40,000
4. One Fourth of debenture discount is to be written off
5. The directors have recommended 10% dividend on shares after appropriation of Rs. 10,000 to General Reserve and Rs.5000 to Sinking Fund.

OR

Q.4

- (A) Write a note on Profit & Loss Appropriation Account. [05]
- (B) Explain contingent liabilities with at least Four illustrations. [05]
- (C) How will you show the following items in the final accounts of a company? [05]
- |   |                          |
|---|--------------------------|
| 1. Share Transfer Fees                  | 2. Calls in arrears      |
| 3. Goodwill                             | 4. Interim dividend      |
| 5. Preliminary expenses not written off | 6. Bank overdraft        |
| 7. IDBI Bonds                           | 8. Director fees         |
| 9. Share premium                        | 10. Staff Provident Fund |