

[12]

SARDAR PATEL UNIVERSITY  
B.B.A. (GENERAL) SEMESTER: II EXAMINATION  
2015

Saturday, 11<sup>th</sup> April  
02:30 p.m To 04:30 p.m

UM02CBBA04: CORPORATE ACCOUNTING - I

Total Marks: 60

- Note: 1. Figure to the right indicate full marks of question.
- 2. All questions carry equal marks.
- 3. Working notes are the part of answer.

Q-1 (A) Shri Ganesh Limited issued a prospectus inviting applications for 30,000 equity shares of Rs 10 each at a premium of Rs 2 per share payable as under: [12]

- On Application Rs 3
- On Allotment Rs 4 (including premium)
- On First Call Rs 3
- On Second Call Rs 2

Applications were received for 40,000 shares and allotment made pro – rata to the applications of 36,000 shares and the remaining applications were refused and the amount was refunded. Money over paid on applications was to be transferred to allotment account.

Shankar, to whom 1000 shares were allotted, failed to pay the allotment money. Pass necessary journal entries in the books of the company and also prepare bank account.

(B) Difference between calls in arrears and calls in advance. (Only three points) [03]

OR

Q-1 (A) RAM limited issued 50,000 equity shares of Rs 10 each at a discount of Rs 0.50 per share payable as follows: [10]

- Rs. 2.00 per share on application
- Rs. 2.50 per share on allotment
- Rs. 1.50 per share on first call
- Rs. 3.50 per share on last call

Company received 49,000 shares applications.

Pass necessary journal entries and prepare bank account.

(B) Write a note on over subscription and under subscription with examples. [05]

Q-2 (A) Following balance appears in the books of Jimit limited as on 01/04/2014. [15]

|   |              |
|---|--------------|
| 10 % Secured Debentures                           | Rs. 2,00,000 |
| Debentures Redemption Fund                        | Rs. 1,50,000 |
| Deb. Red. Fund Investments(10 % Govt. securities) | Rs. 1,50,000 |

The company transfer Rs. 50,000 towards debenture Redemption Fund. After receiving the interest of Rs. 15,000 on 31/03/15 company sold debenture redemption fund investments at Rs. 105 and the debentures were redeemed with 2.5 % premium.

Pass necessary journal entries to record above transactions and Prepare 10% Debenture A/c Debenture Holder A/c, premium on redemption of debenture A/c, Debenture Redemption Fund investments A/c and Debenture Redemption Fund A/c.

OR

- Q-2 (A) Define the term debenture. Explain the types of debentures [07]  
 (B) Suresh Company limited issued 1000, 12 % Debentures of Rs. 100 each at 3 % discount on January 1, 2009. It undertakes to repay the debentures at par as below. [08]

|            |                |
|------------|----------------|
| 31-12-2010 | 400 Debentures |
| 31-12-2011 | 300 Debentures |
| 31-12-2012 | 200 Debentures |
| 31-12-2013 | 100 Debentures |

Give journal entry for issue of debenture and prepare Debenture Discount Account in the books of the company.

- Q-3 The Balance Sheet of Gauri Limited as on 31/03/15 is as under: [15]

| Capital & Liabilities                                     | Amt(Rs.)         | Assets        | Amt(Rs.)         |
|---|------------------|---------------|------------------|
| 1,00,000 equity shares of Rs 10 each fully paid           | 10,00,000        | Fixed assets  | 12,50,000        |
| 8,000 12% preference shares of Rs 100 each, Rs 80 paid up | 6,40,000         | Stock         | 3,72,000         |
| Profit & loss a/c   | 35,000           | Debtors       | 3,55,000         |
| General Reserve A/c                                       | 5,65,000         | Cash and Bank | 5,63,000         |
| Security Premium  | 50,000           |               |                  |
| Creditors   | 2,50,000         |               |                  |
|   | <b>25,40,000</b> |               | <b>25,40,000</b> |

The company decided to redeem preference shares at 5% premium. For this purpose necessary number of equity shares of Rs. 10 each issued at 20% premium. The company then decided to utilize the resultant reserve created from the redemption of preference shares for issuing fully paid up bonus shares to its equity share holders.

Pass necessary journal entries and prepare revised balance sheet.

OR

Q-3 (A) Discuss the provisions of section 80 of Company's Act 1956 in detail. Also list out the sources of bonus shares. [07]

(B) Sunny Co. Ltd. declared bonus out of its General Reserve to convert its partly paid shares, into fully paid shares. [08]

After wards three fully paid Equity shares were used to distribute as bonus in exchange for five shares from Share Premium and Capital Reserve.

The balances sheet as on 31-3-2015 are as under:

| Capital & Liabilities                                       | Amt(Rs.)         | Assets        | Amt(Rs.)         |
|---|------------------|---------------|------------------|
| 8,000 equity shares of Rs 100 each, Rs.75 paid up per share | 6,00,000         | Fixed assets  | 10,00,000        |
| General Reserve A/c   | 2,50,000         | Debtors       | 2,00,000         |
| Capital Reserve A/c   | 3,30,000         | Cash and Bank | 1,80,000         |
| Security Premium  | 1,50,000         |               |                  |
| Creditors   | 50,000           |               |                  |
|   | <b>13,80,000</b> |               | <b>13,80,000</b> |

Write journal entries in the books of company to record above transaction and prepare revised balance sheet.

Q-4 (A) Prepare specimen of Horizontal balance sheet as per the companies Act 1956 with imaginary figures. [11]

(B) List out four examples of contingent liabilities. [04]

OR

Q-4 The trial balance of Sanjay Ltd. as on 31-3-15 was as under: [15]

| Particulars                  | Debit (Rs.) | Credit (Rs.) |
|------------------------------|-------------|--------------|
| Equity share capital         | -           | 12,00,000    |
| 12% preference share capital | -           | 3,00,000     |
| 10% Redeemable Debenture     | -           | 3,00,000     |
| Opening stock                | 1,40,000    | -            |
| Purchase and sales           | 18,60,000   | 32,00,000    |
| Goods returned               | 80,000      | 60,000       |
| Land and building            | 8,00,000    | -            |
| Plant and machinery          | 6,00,000    | -            |
| Debtors and creditors        | 4,00,000    | 2,00,000     |

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| Octroi                               | 1,80,000         | -                |
| Selling and distribution expenses    | 40,000           | -                |
| Carriage outward                     | 16,000           | -                |
| Wages                                | 6,80,000         | -                |
| Administrative expenses              | 1,70,000         | -                |
| Vehicle                              | 1,20,000         | -                |
| Telephone deposit                    | 20,000           | -                |
| Director's fees                      | 20,000           | -                |
| Loan of director                     | -                | 40,000           |
| Interest on debenture                | 12,000           | -                |
| Interest on investment               | -                | 16,000           |
| Staff pension fund                   | -                | 16,000           |
| Investments                          | 3,00,000         | -                |
| Discount on debenture                | 80,000           | -                |
| Loose tools                          | 12,000           | -                |
| Bills                                | 40,000           | 20,000           |
| Fixed deposit                        | -                | 48,000           |
| General reserve                      | -                | 1,40,000         |
| Share forfeiture account             | -                | 20,000           |
| Cash and bank                        | 50,000           | -                |
| Profit and loss account (01-04-2014) | -                | 60,000           |
| <b>Total</b>                         | <b>56,20,000</b> | <b>56,20,000</b> |

**Additional information:**

1. Authorized capital of the company is as under: 1,50,000 equity share of Rs. 10 each and 12% 30,000 preference share of Rs. 10 each.
2. Closing stock is valued of Rs. 2,80,000.
3. Depreciate land and building by 5% , plant and machinery by 10 % and vehicles by 20%.
4. Provide Bad Debts reserve on debtors by 5%.
5. Transfer Rs. 40,000 to general reserve.
6. The Directors have proposed 10 % dividend on equity share capital.

Prepare final accounts (Trading A/c, Profit and Loss A/c, Profit and Loss Appropriation A/c and Balance sheet) of the company as per Companies Act, 1956 in horizontal form.

*All the Best*