

[14]

SARDAR PATEL UNIVERSITY
B.B.A. (HONOURS) (ITM) EXAMINATION
SEMESTER II (CBCS)
11th April, 2015 (Saturday)
2:30 PM to 4:30 PM
UM02CBBI04: CORPORATE ACCOUNTING - I

Total Marks: 60

- Note:** 1. Figure in the right indicates mark.
 2. Working Notes should be part of your Answer.

- Q-1 [A]** Give meaning of Share Capital. Explain types of shares capital in detail. (05)
- [B]** Manika Ltd. Issued 30,000 equity shares for public subscription at Rs. 10 each at a premium of Rs. 2 per share, payable as follows: (10)
- | | |
|----------------|---------------------------|
| On Application | Rs. 2 per share |
| On Allotment | Rs. 5 (including premium) |
| On First Call | Rs. 2 per share |
| On Final Call | Rs. 3 per share |

Application were received for 50,000 shares. Allotment was made pro rata to the applicant for 40,000 shares and the remaining applicants were rejected. Money overpaid on application was applied towards sum due on allotment.

Kanika, a holder of 1,500 shares, failed to pay the allotment money and Anika, a holder of 1,600 shares, failed to pay the two calls. Show journal entries in the books of the company to record above transactions.

OR

- Q-1 [A]** Write note on: Issue of share at discount. (05)
- [B]** Vani Ltd. is having authorized capital of 8,00,000 equity share of Rs. 10 each. On 11th April 2014, company issued 4,00,000 equity shares at a premium of Rs. 2 per share. Share amount was called up as under: (10)

On 11th April, 2014 with application Rs. 5 per share (including premium of Rs. 2 per share)

On 2nd June, 2014 with allotment Rs. 3 per share

On 2nd August, 2014 with first call Rs. 4 per share

Company received application for 4,90,000 equity shares and allotment was made pro-rata to the applicant of 4,80,000 shares. The remaining applications were refused and the amount was refunded. Money overpaid on application was to be transferred to allotment account.

Manav, to whom 21,000 shares were allotted, failed to pay the allotment money and Vaishvi, to whom 25,000 shares were allotted, failed to pay the call money.

Pass necessary journal entries in the books of the company.

Q-2 [A] On 1.1.2012 Gopi company limited issued 8000, 6% debentures of Rs.100 each at a 10% premium; these debentures are issued with condition that these are repayable after 5 years at a 5% premium. Write journal entries in the books of company. (03)

[B] Write on – Types of Debentures. (05)

[C] Bansari ltd issued 12% 4000 debentures of Rs.100 each at a discount of 5½ % on 1.1.2007. These debentures are redeemable as follows: (07)

On 31.12.2007	80,000
On 31.12.2008	1,20,000
On 31.12.2009	60,000
On 31.12.2010	1,00,000
On 31.12.2011	40,000

Prepare debenture discount account with the help of above information.

OR

Q-2 The following were the balance in the books of Radhi Limited as on 31st December, 2013. (15)

	Rs
15% Mortgage Debentures	8,00,000
Debenture Redemption Fund	8,80,000
Debenture Redemption Fund Investment:	
1. 10% Central Govt. loan	6,00,000
2. 8% National Defence Bonds(Face value Rs.3,00,000)	2,80,000
	8,80,000

On 31st March 2014, 10% Central Govt. loan was sold at Rs. 110 and 8% National Defense Bonds were sold at Rs,95.

Debentures were redeemed at Rs. 108 together with accrued interest.

The interest on debentures had been paid up to 31st December 2013.

Pass Journal Entries and prepare necessary accounts in the books of Radhi Ltd.

Q-3 The balance sheet of MDH limited as on 31.3.04 are as follows: (15)

Liabilities	Rs.	Assets	Rs.
5000 Equity shares of Rs.100 each, Rs.80 paid up per share	4,00,000	Fixed assets	6,00,000
2000, 10% redeemable preference shares of Rs.100 each, Rs.80 paid up per share	1,60,000	Investments	50,000
Share premium	15,000	Stock	80,000
General reserves	2,40,000	Debtors	2,00,000
Profit and Loss A/c	40,000	Cash and bank	40,000
Creditors	1,15,000		
	9,70,000		9,70,000

The preference shares are redeemed at 5% premium after complying with the provisions lay down under Section 80 of the Companies Act. For this purpose necessary number of Equity shares of Rs.100 each is issued at par. Cash balance of Rs.50,000 is to be maintained in the business. All the investments are sold away for Rs.40,000. All the preference shareholders are paid in full.

After redemption of the preference shares the company decided that the full amount of capital redemption reserve and part of the general reserves be applied in the following manner.

1. The declaration of bonus at the rate of Rs.20 per share for the purpose of making the said equity shares fully paid.
2. The issue of bonus shares to the equity shareholders in the ratio of one share for every five shares held by them.

Write the journal entries and prepare balance sheet.

OR

- Q-3 [A]** "Krishna" Ltd declared bonus to make its partly paid shares as fully paid shares out of General reserve. Then capital redemption reserve account was utilized to issue 2 fully paid equity shares for each 5 shares held as bonus. (05)

The balance as on 31st December 2012 is given below:

Share capital (Rs.100) Rs. 80 paid up	4,00,000
General reserve	1,50,000
Capital redemption reserve	2,00,000
Share premium	40,000

Pass necessary entries in the books of company.

- [B]** List out profits available for dividend. (04)
- [C]** Discuss the provisions under section 80 C of the Companies Act for the redemption of the redeemable preference share. (06)

- Q-4** The following is the Trial Balance of Dinesh Ltd. as on 31-03-2014: (15)

Particulars	Dr. Rs.	Particulars	Cr. Rs.
Opening Stock	4,00,000	Equity Share each Rs. 100	8,00,000
Furniture	70,000	Sales	13,06,000
Debtors	1,20,000	8% Debentures	80,000
Loose Tools	40,000	Purchase Return	8,000
Wages	30,000	Debenture Redemption Fund	60,000
Salaries	1,10,000	Provident Fund	36,000
Interest on Debentures	3,200	Capital Reserve	42,000
Directors Fees	12,000	General Reserve	70,000
Income Tax	56,000	Creditors	90,000
Purchases	4,08,000	Bills Payable	19,200
Land and Building	7,00,000	Profit & Loss A/c.	16,000
Sales return	6,000	Bank loan	60,000
Plant and Machinery	2,00,000	Income from Investments	20,000
Preliminary Expenses	20,000	Public Deposit	30,000
Investments	1,40,000		
Rent	50,000		
Postage and Telegram	6,000		
Good will	1,00,000		
Deb. Red. fund Investment	60,000		
P. F. Contribution	6,000		
Cash Balance	1,00,000		
	26,37,200		26,37,200

You are required to prepare the Final Accounts of the Company for the year ended 31st March 2014 accordingly to the requirements to the Company Act, 1956 after taking into account the following additional information's.

Additional Information

1. The authorized share Capital of the company amounted to be Rs.20,00,000
2. Prepaid Rent amount Rs. 2,000.
3. Outstanding expenses - Salaries Rs. 4,000 and wages Rs. 6,000
4. The stock at the end was Rs. 3,60,000
5. Depreciate plant and Machinery at 4% and furniture and land building at 10%
6. Reserve for bad debts on debtors to be maintained at 10%.
7. 40% preliminary expenses written off.
8. An amount of Rs. 50,000 to be transferred to general reserve.
9. The Directors of the Company recommend 12% dividend of Equity Share Capital.

OR

Q-4

Unnati Limited had the following Trial Balance as on 31-3-2014

(15)

Debit balances	Rs.	Credit balances	Rs.
Factory	5,00,000	10% Pref. Capital	4,00,000
Railway Sidings	3,00,000	Equity Share Capital	5,00,000
Livestock	2,50,000	Capital Reserve	10,000
Salaries	60,000	General Reserve	50,000
Rent & Taxes	40,000	Provident Fund	20,000
Postage & Telegrams	20,000	15% Debenture	
P.F. Contribution	2,000	(Redeemable on 31-3-2023)	3,00,000
Adjusted Purchases	3,08,000	Sales	6,00,000
Closing Stock	40,000	Public Deposit	40,000
Debenture Red. Fund- Investments	1,00,000	Interest on Investments	14,000
Equity shares of "Hemangi" Ltd.: each of Rs.10 on which Rs.8 paid up	40,000	Debenture Red. Fund	1,00,000
Debtors	70,000	Bad debts Reserve	6,000
Cash at Bank	1,00,000	Creditors	60,000
Loose tools	1,90,000	Sundry income	50,000
Custom deposit	1,00,000		
Discount on debentures	10,000		
Income tax	20,000		
	21,50,000		21,50,000

You are required to prepare the Final Accounts of the Company for the year ended 31st March 2014 as per the requirements of Company Act, 1956 after considering the following additional information.

1. Authorized Capital of the Company is Rs.20,00,000.
2. Board of Directors has recommended 10% dividend on both equity share capital and preference capital.
3. Provide 5% B.D.R. on debtors.
4. Amount of Rs.10,000 to be transferred to General Reserve.
5. Prepaid rent is Rs.4,000.
6. Depreciate factory building @ 10%.
7. Due to change in the stock valuation method, stock valued at Rs.35,000. No effect relating to this has been given so far.
8. Interest on investments includes Rs.4,000 of interest on debenture redemption fund investments.

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