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No. of Printed Pages: 04

SARDAR PATEL UNIVERSITY  
B.B.A. (HONOURS) (ITM) (NC) EXAMINATION  
SEMESTER II (CBCS) (2011 Batch)  
2<sup>nd</sup> April, 2016 (Saturday)  
2:30 PM to 4:30 PM  
UM02CBB104: 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] Short Note on: Types of share capital.

(05)

[B] VANI Ltd. of Valsad issued 15,00,000 equity shares of Rs 10 each. The company received applications for 18,00,000 shares. Shares were allotted at meeting of Board of Directors. Excess shares applications were rejected and the application money thereon was refunded to the applications. Amount was called up as under.

- On application Rs 2.50 per share
- On allotment Rs 3.00 per share
- On first call Rs 2.50 per share
- On final call Rs 2.00 per share

Geet who was allotted 400 shares, could not pay first and final call. Except this, all the amounts due from all the shareholders were received on due dates. Record necessary journal entries relating to above transactions in the books of the company.

OR

Q - 1 Unnati Ltd. is having authorized capital of 4,00,000 equity share of Rs. 10 each. Company issued 2,00,000 equity shares at a premium of Rs. 2 per share. Share amount was called up as under:

(15)

- On application Rs. 5 per share (including premium of Rs. 2 per share)
- On allotment Rs. 3 per share
- On first call Rs. 2 per share
- On second call Rs. 2 per share

Company received application for 2,45,000 equity shares and allotment was made pro-rata to the applicant of 2,40,000 shares. The remaining applications were refused and the amount was refunded. Money overpaid on application was to be transferred to allotment account.

Dhruven, to whom 10,500 shares were allotted, failed to pay the allotment money and Mantri, to whom 12,500 shares were allotted, failed to pay the two calls.

Pass necessary journal entries in the books of the company.

Q - 2 The following balance appeared in the books of "DOLLY" ltd as on 31.12.2014.

(15)

	Rs.
1) 15% mortgage debenture	2,50,000
2) Debenture discount	5,000
3) Interest received on sinking fund investment	22,500
4) Sinking fund	2,46,250
5) Bank balance	50,000

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On application	Rs 2.50 per share
On allotment	Rs 3.00 per share
On first call	Rs 2.50 per share
On final call	Rs 2.00 per share

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3) Interest received on sinking fund investment	22,500
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5) Bank balance	50,000

6) Sinking fund investment:

a. 7% national defense bond of Rs.81,250	78,750
b. 8% N.S.C. of Rs.55,000	57,500
c. 9% Narmada bond of Rs.68,750	71,250
d. 10% units of unit trust of Rs.30,000	38,750
	<u>2,46,250</u>

On the same day National Defense Bond was sold at Rs.90, NSC was sold at Rs.105 and Narmada bond were sold at Rs.80 and investment in Unit trust at Rs.130.

On 1.1.2015 debentures of Rs.2,00,000 were redeemed at 5% premium and Gujarat government loan of Rs.20,000 was purchased at Rs.105. The company transfers Rs.7,500 every year to Debenture redemption fund from profit.

Write necessary journal entries in the books of company from the information given above.

OR

Q - 2[A] Discuss types of debentures in detail. (10)

[B] Dinesh Ltd. issued 8% 4500 debentures of Rs.100 each at a discount of 10% on 1.1.2011 repayable by annual drawings of Rs.90,000. (05)

Give journal entry of issue of debentures and show the Discount A/c in the ledger of company for the period of duration of the debentures.

Q - 3 The balance sheet of Dhruva limited as on 31.3.2014 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		
	<u>9,70,000</u>		<u>9,70,000</u>

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 share holders 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] Give the list of Profits available for dividend. (05)

[B] Difference between: Equity share & Preference share (05)

[C] "NPP" ltd declared bonus to make its partly paid shares as fully paid shares out of General reserve. (05)  
Then capital redemption reserve account and share premium account were utilized to issue 2 fully paid equity shares for each 5 shares held as bonus.

The balance as on 31<sup>st</sup> December, 2015 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.

Q - 4 Komal 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 "Harini" 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		
	<b>21,50,000</b>		<b>21,50,000</b>

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

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