

SARDAR PATEL UNIVERSITY
BBA (ISM) IInd Semester
2016

Saturday, 2nd April
02:30 P.M. to 04:30 P.M.

Corporate Accounting-I UM02CBBS05

Maximum Marks: 60

Note: Figure in bracket indicates marks of question.

Q.1 a) Alpha Company was newly formed with an authorized capital of ₹.5,00,000/- divided into 50,000/- shares of ₹.10/- each. On 1st Jan. 2015 the company issued 25,000 shares at a premium of Rs.2/- per share payable as under on Application ₹.2/-, Allotment ₹.5/- (including premium) on Call ₹.5/-. (One month after allotment)

The issue was oversubscribed to the extent of 5,000 shares. The directors went on to allotment on 10th January & on the same date the excess money received on application was returned. All money due on allotment & on calls was received with the following exceptions.

- a) ShriKulkarni who failed to pay the allotment & call money on 100 shares allotted to him, &
- b) Mr. Joshi who failed to pay the call money on 200 shares allotted to him.

Pass the journal entries (including cash) to record the above in the books of Alpha Company Ltd. (10)

b) Luxury Cars Ltd. issued 1,00,000 shares of ₹.10 each at a premium of ₹.5 per share, payable as:

On application ₹.4 (including ₹.2 premium) per share

On allotment Rs 8 (including ₹. 3 premium) per share

On call ₹.3 per share

Applications were received for 1,00,000 shares and allotment was made to all. Make journal entries. (05)

OR

Q.1 a) What is the meaning of Share? Explain types of share and share capital. (08)

b) Provisions relating to Issue of share at Par, Premium and Discount with relevant example. (07)

Q.2a) Shree Ltd issued 5,000 10% redeemable debentures of ₹.100 each at par on January, 2015 redeemable at 10% premium. The company decided to set aside ₹.8,000 p.a. The amount was to be invested in 12% N S Certificates in multiple of ₹.100 each. Show necessary journal entries for first five years. (08)

b) On 1st January 2015, a limited company issued 10,000 3% debentures of ₹.10 each repayable after three years. It has been decided to establish a sinking fund for their redemption. Sinking fund table shows that annual installment towards the fund comes to ₹.32, 353. The investment yields 3% interest. Prepare necessary accounts for three years. (07)

Q.2 a) What do you mean by the term 'Debenture'? Explain the kinds of Debentures. (08)

b) Write note on Debenture Redemption fund method. (07)

Q.3 The Balance sheet of Maharshi Ltd., as on 31-3-2015 is as under: (15)

Liabilities	Amt ₹.	Assets	Amt ₹.
Share Capital : Issued & Subscribed 60000 6% Redeemable Preference Shares of Rs.10 each fully paid	6,00,000	Fixed Assets	15,00,000
1,50,000 Equity shares of Rs.10 each fully paid	15,00,000	Current Assets : Stock	7,50,000
		Debtors	3,00,000
		Bank Balance	8,00,000
Profit and Loss Account	8,30,000		
Creditors	2,50,000		
Proposed Dividend	1,70,000		
	33,50,000		33,50,000

Under the terms of redemption, Redeemable Preference shares were to be redeemed at a premium of 5%. For the purpose of redemption 20,000 5% Preference shares of ₹.10 each were issued at a premium of ₹.5 per share and were fully paid.

On 1st April, 2015 6% Redeemable Preference Shares were redeemed but there is no trace in respect of 200 Preference shares. Bonus issue of one Equity Share for every ten Equity Shares was made on that date.

Pass necessary Journal Entries in respect of above transactions and prepare revised Balance Sheet.

OR

Q.3 a) What is the meaning of preference share? Explain the procedure for redemption of preference shares. (08)

b) What is the meaning of bonus share? Explain the Guidelines and Sources. (07)

Q.4 From the particulars of Mrs. Vraj & Co., you are required to prepare Trading, Profit and Loss Account and Balance Sheet for the year ended 31st March, 2015: (15)

	₹.		₹.
Sales	65,000	Discount Allowed	100
Sales Return	500	Discount Received	500
Stock at the beginning	8,000	Salaries	3,000
Purchases	29,000	Interest paid	400
Purchases Return	300	Furniture	3,000
Direct Wages	5,000	Buildings	20,000
Direct Expenses	5,000	Plant and Machinery	20,000
Carriage Inwards	4,000	Cash in Hand	1,000
Capital at the beginning	30,000	Bills Payable	6,200
Drawings	5,000	Reserve for Bad and Doubtful Debts	500
Sundry Debtors	10,000	Bad Debts	300
Sundry Creditors	12,000	Closing stock at the end	8,000

Additional Information

- (1) Outstanding Salaries ₹.500
- (2) Interest on Capital at 10% P.A.
- (3) Depreciation on Plant and Machinery at 10% P.A. and Buildings at 5% P.A.
- (4) Prepaid of Interest ₹.100
- (5) Provision for Bad and Doubtful Debts at 10% on Debtors

OR

- Q.4 1.** What is dividend and unclaimed dividend? What are the provisions for corporate dividend tax? (08)
2. Write a note on Contingent liabilities and Preliminary Expenses. (07)

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