

[A-5]

SARDAR PATEL UNIVERSITY
BBA (GEN) Semester - II Examination (N.C.)
(2010 Batch)

Corporate Accounting - I
UMO/CBBA02/07

9th April, 2018
10:00 To 12:00

Total Marks: 60

Q - 1	<p>Anand Ltd. Is having authorized capital of 8,00,000 equity share of Rs. 10 each. On 11th April 2010, company issued 4,00,000 equity shares at a premium of Rs. 2 per share. Share amount was called up as under:</p> <p>On 11th April, 2010 with application Rs. 5 per share (including premium of Rs. 2 per share) On 2nd June, 2010 with allotment Rs. 3 per share On 2nd August, 2010 with application Rs. 2 per share On 2nd October, 2010 with application Rs. 2 per share</p> <p>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.</p> <p>Neel, to whom 21,000 shares were allotted, failed to pay the allotment money and Vihar, to whom 25,000 shares were allotted, failed to pay the two calls.</p> <p>Pass necessary journal entries in the books of the company.</p>	(15)										
	OR											
Q - 1[A]	Explain briefly types of share capital.	(05)										
[B]	Discuss Provision relating to issue of shares discount and premium.	(10)										
Q - 2[A]	Explain various types of debentures.	(08)										
[B]	<p>Yogesh Ltd issued 12% 4000 debentures of Rs.100 each at a discount of 5 ½ % on 1.1.2007. These debentures are redeemable as follows:</p> <table border="1" style="margin-left: 20px; border-collapse: collapse;"> <tr> <td>On 31.12.2007</td> <td style="text-align: right;">80,000</td> </tr> <tr> <td>On 31.12.2008</td> <td style="text-align: right;">1,20,000</td> </tr> <tr> <td>On 31.12.2009</td> <td style="text-align: right;">60,000</td> </tr> <tr> <td>On 31.12.2010</td> <td style="text-align: right;">1,00,000</td> </tr> <tr> <td>On 31.12.2011</td> <td style="text-align: right;">40,000</td> </tr> </table> <p>Prepare debenture discount account with the help of above information.</p>	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	(07)
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	OR											

<p>Q - 2</p>	<p>Following were the balances in the books of BBC limited on 31st March, 2014.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">8% mortgage debentures</td> <td style="text-align: right;">10,00,000</td> </tr> <tr> <td>Interest received on debenture redemption fund investment</td> <td style="text-align: right;">30,000</td> </tr> <tr> <td>Discount on issue of debentures</td> <td style="text-align: right;">40,000</td> </tr> <tr> <td>Debenture redemption fund</td> <td style="text-align: right;">7,20,000</td> </tr> <tr> <td colspan="2">Debenture redemption investments:</td> </tr> <tr> <td>9% Central govt. loan (purchase at par)</td> <td style="text-align: right;">2,40,000</td> </tr> <tr> <td>11 % National Defense Bonds (face value Rs.5,00,000)</td> <td style="text-align: right;"><u>4,80,000</u></td> </tr> <tr> <td></td> <td style="text-align: right;">7,20,000</td> </tr> </table> <p>On the same day the investments were sold as follows: Central govt. loan at Rs.105 and National Defense Bonds at Rs.95 On the 1st April 2014, the debentures of Rs. 7,00,000 were redeemed at a premium of 5%. On the same day Gujarat Govt. loan of Rs.2,40,000 were purchased at 5% premium. Annual contribution for redemption of debentures was Rs.1,20,000. Pass journal entries in the books of the company to record the above transactions. Show your working.</p>	8% mortgage debentures	10,00,000	Interest received on debenture redemption fund investment	30,000	Discount on issue of debentures	40,000	Debenture redemption fund	7,20,000	Debenture redemption investments:		9% Central govt. loan (purchase at par)	2,40,000	11 % National Defense Bonds (face value Rs.5,00,000)	<u>4,80,000</u>		7,20,000	<p>(15)</p>																								
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<p>Q - 3</p>	<p>The Balance sheet of Mayur Ltd as on 31.12.2015.</p> <p style="text-align: center;">Balance Sheet</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 45%;">Liabilities</th> <th style="width: 10%;">Rs.</th> <th style="width: 45%;">Assets</th> <th style="width: 10%;">Rs.</th> </tr> </thead> <tbody> <tr> <td>6000 Equity Shares of Rs.100 each fully paid</td> <td style="text-align: right;">6,00,000</td> <td>Land and Building</td> <td style="text-align: right;">7,00,000</td> </tr> <tr> <td>2000, 9% Redeemable pref. Shares of Rs.100 each full paid</td> <td style="text-align: right;">2,00,000</td> <td>Plant & Machinery</td> <td style="text-align: right;">2,00,000</td> </tr> <tr> <td>2000, 7% Red. Pref. Shares of Rs.100 each, Rs.80 per Share Paid up</td> <td style="text-align: right;">1,60,000</td> <td>Investments</td> <td style="text-align: right;">1,50,000</td> </tr> <tr> <td>Shares Premium</td> <td style="text-align: right;">40,000</td> <td>Stock</td> <td style="text-align: right;">1,20,000</td> </tr> <tr> <td>General Reserve</td> <td style="text-align: right;">2,00,000</td> <td>Debtors</td> <td style="text-align: right;">2,80,000</td> </tr> <tr> <td>Profit & Loss Account</td> <td style="text-align: right;">1,00,000</td> <td>Cash balance</td> <td style="text-align: right;">1,50,000</td> </tr> <tr> <td>10% Debentures</td> <td style="text-align: right;">1,00,000</td> <td></td> <td></td> </tr> <tr> <td>Creditors</td> <td style="text-align: right;">2,00,000</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">16,00,000</td> <td></td> <td style="text-align: right;">16,00,000</td> </tr> </tbody> </table> <p>On this date, the company decided to redeem both the classes of preference shares at 10% premium after complying with the provision laid down under Sec. 80 of the Companies Act 1956 and also decided to redeem 10% Debentures at 3% premium. For this purpose necessary number of equity shares of Rs.100 each is issued at par. Cash balance of Rs.7,000 is to be maintained in the business. All investments are sold away for Rs.1,60,000. All the Preference Shareholders are paid in full. The company then decided to utilize the resultant reserve created out of redemption of preference shares for issuing fully paid Bonus share to its Equity Shareholders. Pass necessary journal entries and prepare revised Balance Sheet.</p>	Liabilities	Rs.	Assets	Rs.	6000 Equity Shares of Rs.100 each fully paid	6,00,000	Land and Building	7,00,000	2000, 9% Redeemable pref. Shares of Rs.100 each full paid	2,00,000	Plant & Machinery	2,00,000	2000, 7% Red. Pref. Shares of Rs.100 each, Rs.80 per Share Paid up	1,60,000	Investments	1,50,000	Shares Premium	40,000	Stock	1,20,000	General Reserve	2,00,000	Debtors	2,80,000	Profit & Loss Account	1,00,000	Cash balance	1,50,000	10% Debentures	1,00,000			Creditors	2,00,000				16,00,000		16,00,000	<p>(15)</p>
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<p>Q - 3[A]</p>	<p>“Nirav” ltd declared bonus to make its partly paid shares as fully paid shares out of General reserve. 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.</p>	<p>(08)</p>																																								

The balance as on 31st December, 2011 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 sources from which bonus shares can be issued.

(07)

Q - 4 JK Limited had the following Trial Balance as on 31-3-2011

(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 31-3-2020)	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 "Himanshu" 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 2000 as per the requirements of Company Act, 1956 after considering the following additional information :-

1. Due to change in the stock valuation method, stock valued at Rs.35,000. No effect relating to this has been given so far.
2. Provide 5% B.D.R. on debtors.
3. Prepaid rent is Rs.4,000.
4. Depreciate factory building @ 10%.
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.	
	<u>OR</u>	
Q - 4	Give detailed Performa of Trading Account, Profit & Loss account, Profit & Loss Appropriation Account & Balance Sheet (Horizontal) in accordance with the provisions of a Companies act, 1956 with imaginary figures.	(15)

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