

2018

Wednesday, 4th April

02:00 P.M. to 04:00 P.M.

[UM02CBB105] 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 On 31st March, 2018 the following balances stood in the books of ASHOK Ltd. [15]

Particulars	(Rs.)
12 % Debentures	6,00,000
Annual contribution for redemption of Debentures	1,00,000
Interest received on Debentures Redemption Fund Investment	43,500
Discount on issue of Debentures	60,000
Debentures Redemption Fund	5,40,000
Debentures Redemption Fund Investment:	
7.5 % Central Govt. Loan (Face value Rs.2,60,000) Rs. 2,40,000	
8 % Gujarat Government Loan (Purchased at par) Rs. 3,00,000	5,40,000

On the same day the investment were sold: Central Govt. Loan at Rs. 103.
Gujarat Govt. Loan at Rs. 95. On the 1st April, 2018 the Debentures were redeemed at a premium of 5 %.

Pass necessary entries in the books of the company to record the above transaction. Prepare (1) 10% Debenture A/c (2) Debenture Holder A/c (3) premium on redemption of debenture A/c (4) Debenture Redemption Fund investments A/c (5) Debenture Redemption Fund A/c.

OR

Q-1 (A) Define the term debenture and explain types of debentures. [07]

(B) JIMIT Ltd issued on 1-1-2013, 10 % Debentures of Rs. 1,00,000 at a discount of 6 %. The company received full amount. The company will redeem debentures of Rs. 20,000 every year from 31-03-2014. Prepare Discount Debenture Account. [08]

Q-2 Following is Balance Sheet of ANKIT Ltd. As on 31.03.2018: [15]

Liabilities	Rs.	Assets	Rs.
12% 10000, Redeemable preference shares of Rs. 100 each fully paid up	10,00,000	Fixed Assets	45,00,000
300000, Equity shares of Rs. 10 each	30,00,000	Investments	1,50,000
Share premium A/c	1,00,000	Other current Assets	15,00,000
General reserve	6,00,000	Bank balance	13,50,000
Current liabilities	28,00,000		
	75,00,000		75,00,000

On 1-4-2018, the 12% redeemable preference shares were to be redeemed at a premium of 10 %. The company had no sufficient profit for redeeming preference share capital. Therefore the company issued to public minimum necessary fresh 13% cumulative preference shares of Rs. 100 each at par. These shares were fully subscribed and paid.

The company then decided to utilize the resultant reserve created out of redemption of preference shares to be used for bonus to equity shareholders.

Write journal entries to record above transaction in the books of the company and

(1)

(P.T.O.)

prepare Balance Sheet after redemption.

OR

- Q-2 (A) DIPALI Co. Ltd. declared bonus out of its General Reserve to convert its partly paid shares, into fully paid shares. After wards three fully paid Equity shares were issued as bonus in exchange for five shares from Share Premium and Capital Reserve. [08]

The balances on 31-3-2018 are as under:

Equity share capital (Each share of Rs. 100 paid up Rs. 75 per share)	Rs. 6,00,000
General Reserve	Rs. 2,50,000
Capital Reserve	Rs. 3,30,000
Share premium	Rs. 1,50,000

Pass necessary journal entries for recording the above transaction in the books of the company.

- (B) List out sources of bonus shares and Guidelines for issue of bonus share. [07]

- Q-3 The trial balance of KUMBH Ltd. as on 31-3-18 was as under final account [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	-
Preliminary Expenses	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 (1-4-2017)	-	60,000
Total	56,20,000	56,20,000

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. Interest receivable on investments is Rs. 14,000.
 5. Transfer Rs. 40,000 to general reserve.
 6. The Directors have proposed 10 % dividend on equity share capital.
 7. Write off 20% Preliminary expenses.
- Prepare final account of the company as per Companies Act, 1956 in horizontal form.

OR

- Q-3 (A) Prepare specimen of balance sheet as per part-I of schedule VI of Company's Act 1956. [10]
- (B) Write a note on: Dividend and Interim Dividend [05]

- Q-4 The following are the summarized balance sheets of RAM Co. Ltd [15]

Liabilities	31/03/16 (Rs.)	31/03/17 (Rs.)	Assets	31/03/16 (Rs.)	31/03/17 (Rs.)
Eq. Share capital of Rs. 100 each	5,00,000	6,00,000	Fixed Assets	9,25,000	11,80,000
Reserves	2,00,000	3,00,000	Stock	1,00,000	1,20,000
P&L A/C	1,00,000	2,00,000	Debtors	40,000	1,00,000
10% Debenture	2,00,000	2,00,000	Bills Receivable	60,000	80,000
Creditors	1,00,000	80,000	Cash balance	1,20,000	1,15,000
Bills Payable	50,000	70,000	Prepaid Expenses	5,000	5,000
BOD	1,00,000	1,50,000			
	12,50,000	16,00,000		12,50,000	16,00,000

Additional Information:

Particulars	31/03/16 (Rs.)	31/03/17 (Rs.)
Total Sales (Cash sales are 2/5 th of credit sales)	7,00,000	10,50,000
Gross Profit	2,50,000	4,00,000
Net Profit (Before Interest & Tax of 50%)	1,60,000	2,72,000

The stock on 01/04/2015 was valued at Rs. 80,000.

Calculate following accounting ratio: 1. Gross Profit Ratio 2. Net Profit Ratio 3. Current Ratio 4. Liquid Ratio 5. Debtors Ratio (360 days in a year) 6. Return on capital employed 7. Stock turnover

OR

- Q-4 (A) Following are the balance sheet of KRUNAL Limited for two years ending on 31st March each year: [10]

Particulars	2016-17 (Rs.)	2017-18 (Rs.)
Equity share capital of Rs.100 each	2,00,000	2,00,000
General Reserve	20,000	40,000
P&L A/c	48,000	34,000
Loan on Mortgage	2,20,000	1,60,000
Bank Overdraft	-	40,000
Creditors	60,000	1,80,000
Provision for Taxation	68,000	26,000
Total Liabilities	6,16,000	6,80,000
Net Fixed Assets	4,16,000	3,96,000
Stock	60,000	1,20,000

Debtors	80,000	1,60,000
Cash	60,000	4,000
Total Assets	6,16,000	6,80,000

Total Sales for 2016-17 are Rs. 12,00,000 and that for 2017-18 are Rs. 10,00,000.

Calculate following ratio for both the years and give comment:

1. Current Ratio
2. Liquid Ratio
3. Debt Equity Ratio
4. Proprietary ratio
5. Debtors Turnover

(B) Explain the limitations of ratio analysis.

[05]

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