

SEAT No. _____
(93 & A-30)

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SARDAR PATEL UNIVERSITY
B.B.A (ISM) (II SEMESTER) CBCS (REGULAR) EXAMINATION
2018
WEDNESDAY, 4TH APRIL
2.00 P.M. TO 4.00 P.M.
(UM02CBBS05) CORPORATE ACCOUNTING

Total Marks : 60

Note :

1. Write your answer according to its weightage.
2. Figures to the rights indicate full marks of the question.

- Q-1** Explain the following: **15**
1. Types of Share Capital in brief.
 2. Explain difference between Calls in Arrears and Calls in Advanced.
 3. Distinguish between Equity Share and Preference Share.

OR

- Q-1** Rakesh Limited issued 50,000 Equity Shares of Rs. 10 each. The amount per share was called upon as under, **15**
- With Application Rs. 3, With Allotment Rs. 2, With First Call Rs. 3,
With Second Call Rs. 2.
- Company received Applications for 1, 00,000 Shares. Application of 25,000 shares regretted and refunded. Pro-rata allotment was made for the remaining Share Applications.
- Ravi holding 1000 shares failed to pay Allotment Money & Two calls and Gopal holding 500 shares failed to pay Second Call only.
- Pass Journal Entries and also prepared Share Capital Account in the books of the Company.

- Q-2(A)** What are the Types of Debentures? Briefly discuss them. **10**
- (B)** Give Journal Entries for the following. **05**
1. Rahul Limited issued 5,000, 8% Debentures of Rs.100 each at 4% discount, Redeemable with 5% premium after five years.

OR

- Q-2(A)** Khushi Limited company issued on 1-1-2018 Rs. 1,00,000 Debentures at a Discount of 6%, repayable by Annual Drawings of Rs.20,000, show the Debenture Discount Account in the ledger for the period of duration of the debenture. **05**
- (B)** Sita Limited issued 6,000 15% Debentures of Rs. 100 each on 1st January, 2018 redeemable at a premium of 10%. Terms of issue provided that the company set aside every year a sum of Rs. 132000 to be invested at 10% outside the business. The investments were sold off at Rs. 620000 and debentures were paid off. **10**
- Prepare Sinking Fund Account and Sinking Fund Investment Account.

①

(P.T.O.)

Q-3 On 31-12-2018 the Balance sheet of Kiran Co. Ltd. is as follows:

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Liabilities	Rs.	Assets	Rs.
6,000, Equity Shares of Rs. 100 each.	6,00,000	Land & Building	4,50,000
2,000, 8% Redeemable Preference share of Rs. 100 each, Rs.90 per share paid up.	1,80,000	Plant & Machinery	2,60,000
1,000, 10% Redeemable Preference share of Rs. 100 each fully paid up.	1,00,000	Investments	80,000
Share Premium	10,000	Stock	1,42,000
General Reserve	85,000	Debtors	65,000
Profit & Loss A/c	50,000	Cash	58,000
Creditors	30,000		
	10,55,000		10,55,000

On the above date, the company decided to Redeem both the classes of Preference Share at 10% Premium after complying with the provision under section 80 of the companies Act, 1956.

For this purpose, necessary numbers of Equity Shares of Rs. 100 each are issued at par. Cash Balance of Rs. 23000 is to be maintained in the business. All the Investments are sold away for Rs. 75000.

The company decided to utilize the Resultant Reserve created out of the redemption of Preference Shares for issuing fully paid Bonus Shares to Equity Shareholders.

Pass necessary Journal Entries to record the above transactions in the books of Kiran Co. Ltd. and also prepare New Balance Sheet thereafter.

OR

Q-3 On 31st March 2018 the Balance sheet of Krupa Ltd. is as under:

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Liabilities	Rs.	Assets	Rs.
35,000, Equity Shares each of Rs. 10 fully paid	350000	Land & Building	300000
15,000, 10% Redeemable Preference Share each of Rs. 10 out of which Rs.8 paid up.	120000	Plant & Machinery	200000
General Reserve	75000	Investments	50000
Profit & Loss A/c	15000	Stock	75000
Current Liabilities	100000	Debtors	60000
Share Premium	30000	Cash	5000
	690000		690000

On this date, as per Sec 80 of Companies Act, the company decided to Redeem the Preference Share at 10% Premium. For this purpose company issued 11,500 Equity Shares each of Rs 10 at par. All Investments are sold away at Rs. 45,000 and Redeemable Preference Shareholder paid in full.

Pass necessary Journal Entries and also prepare new balance sheet in the books of a company.

(2)

Q-4 Following is the Trial Balance of Jindal Ltd. as at 31-3-2018.

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Debit Balances	Rs.	Credit Balances	Rs.
Land and Building	1500000	Equity Share Capital (10 Each)	2500000
Plant-Machinery	1300000	10% Pref. Capital (10 Each)	500000
Furniture	300000	General Reserve	1000000
Preliminary Expenses	50000	Provident Fund	200000
Debenture Discount	10000	10% Debenture (Up to 31-3-22)	500000
Shares of 'A' Ltd.	1000000	Creditors	300000
Deb. of 'B' Ltd.	500000	Bills Payable	100000
Debtors	600000	Bank Loan (Against Building)	300000
Bad Debts	25000	Directors Loan	100000
Salary	500000	Public Deposits	200000
Loose Tools	100000	Int. on Investments	100000
Live Stock	100000	Sinking Fund	200000
Rent-Taxes	100000	Bad Debt Reserve	30000
Office Expenses	75000	Share Transfer Fees	10000
Postal Expenses	50000	Share Forfeiture A/c.	10000
Cash Balance	50000	Trading Account	1400000
Bank Balance	100000	P&L Appropriation A/c (1-4-17)	100000
Debenture Interest	25000		
Bills Receivable	100000		
Administrative Expenses	25000		
Advance to Staff	40000		
Stock	1000000		
	7550000		7550000

Other information's:

1. Total Authorized Capital of the Co. is divided into 10,000, 10% Pref. Share of Rs.100 each and 30,000 Equity Share of Rs.100 each.
2. Provide 20% Depreciation on Land – Building and Furniture.
3. Charge 5% bad debts and Rs.20000 B.D.R. on Debtors.
4. Directors have recommended 5% Equity Dividend and 10% Pref. Dividend.
5. Transfer Rs. 1, 00,000 to General Reserve.
6. Provide for Tax require Rs.1, 00,000.

Prepare Final Accounts of Jindal Ltd. as on 31-3-2018 as per the Company's Act 1956.

OR

Q-4 Prepare a Balance Sheet (Horizontal Form) of a Company in accordance with Companies Act, 1996 with Imaginary Figures. 15

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