

SARDAR PATEL UNIVERSITY
BBA (GENERAL) (II Semester) EXAMINATION
Wednesday, 18th April 2012
11.00 am to 1.00 pm
UM02CBBA04 : CORPORATE ACCOUNTING I

Total Marks: 60

Note : Necessary workings expected.

Figures to the right indicate marks of the question.

Q.1

- (A) AP Limited issued 50000 equity shares of Rs. 10 each at a premium Rs. 2 per Share payable as Rs. 3 per share on application, Rs. 5 per share (including premium) on allotment, Rs. 2 per share each on the First call and second call. Company received application for 150000 shares and allotment was made a under. (10)
- Applications for 40000 shares - Rejected
 Applications for 20000 shares - Firm allotment
 Remaining Applications - Pro-rata allotment
 Subsequent calls were made and received in due course.
 Pass necessary journal entries.
- (B) Discuss the provisions relating to issue of shares at discount. (05)

OR

Q.1

- (A) KP Limited issued 100000 equity shares of Rs. 10 each at discount Re. 1 per share payable as Rs. 2.50 per share on application Rs. 2.50 per share on allotment, Rs. 2 per share on First call and remaining on the Final call. Applications were received for 90000 shares. All the calls were made and received in due course except. (10)
- (1) Rizwan paid entire money on 500 shares with allotment money.
 (2) Salman did not pay both the calls on 400 shares.
 (3) Arman Failed to pay Final call on 200 shares. Pass necessary journal entries.
- (B) Distinguish between equity shares and preference shares. (05)

- Q.2 On 1-4-2006 Premier Limited issued 5000, 9% secured Debentures of Rs. 100 each. The debentures were to be redeemed with 4% premium on 31-3-2011. For the purpose of availing at the time of redemption the company decided to appropriate Rs. 90000 every year as debenture redemption Fund and the same would be invested in marketable securities with 8% annually compound interest. At the time of redemption of debentures the investments were sold at a profit of Rs. 1500 and the debentures were redeemed as per the terms. (15)
- Prepare (1) Debenture Redemption Fund A/c and
 (2) Deb. Red, Fund Investments' A/c

OR

Q.2

- (A) On 1-4-2007 BP Limited issued 10000, 8% secured debentures of Rs. 100 each at Rs 94 per debenture. As per the terms of issue the debentures were to be redeemed as under : (06)

On 31-3-2008 -	Rs. 400000
On 31-3-2009 -	Rs. 300000
On 31-3-2010 -	Rs. 200000
On 31-3-2011 -	Rs. 100000

The discount on debentures was written off in a suitable proportion.

- Prepare (1) 8% Debentures a/c and
(2) Debenture discount a/c

- (B) DK Limited issued 5000, 9% Mortgage debentures of Rs. 100 each. Give journal entries at the time of issue and redemption of debentures in each of the following situations. (06)

- (a) The debentures are issued at par and redeemable with 5% premium.
(b) The debentures are issued at 4% discount and redeemable with 5% premium.
(c) The debentures are issued at 10% premium and redeemable at par.

- (C) Enlist various types of debentures. (03)

Q.3 Following is the Balance Sheet of RD Limited as on 31-3-2011 (15)

Liabilities	Rs.	Assets	Rs.
Equity shares capital		Goodwill	120000
- Shares of Rs. 10 each		Other fixed assets	790000
Fully paid up	750000	Cash & bank	170000
11% Redeemable		Other current assets	570000
Preference share capital			
Shares of Rs. 100 each			
Rs. 80 paid per			
Share	240000		
General reserve	230000		
Profit & Loss a/c	110000		
Sundry liabilities	320000		
	1650000		1650000

On 1-4-2011 the directors decided to redeem the preference shares with 5% premium after making them fully paid up and observing legal provisions. For this purpose 15000 equity shares of Rs. 10 each were issued at 20% premium and 1000, 8% debentures of Rs. 100 each were issued at 5% discount.

After the redemption of redeemable preference shares the equity shareholders were issued bonus shares in the ratio of one equity share of Rs. 10 each for every Five shares held on 31-3-2011

Give journal entries in the books of company and prepare balance sheet there after.

OR

Q.3

(A) Alfa Limited had following balances on 1-4-2011.

(06)

	Rs.
8% Redeemable Preference share Capital	330000
Security Premium	10000
General reserve	190000
Profit & Loss a/c	70000
Bank balance	265000

The redeemable preference shares are to be redeemed with 10% premium after observing legal provisions. For this purpose available reserves and profit are to be utilised after retaining Rs. 30000 as profit & Loss a/c balance. Necessary number of new equity shares are to be issued at par. Give journal entries.

(B) Discuss the provisions and guidelines for issue of bonus shares.

(06)

(C) List out sources of bonus.

(03)

Q.4 Prepare profit & Loss a/c and Profit & Loss Appropriation A/c for the year and Balance sheet of MP Limited on 31-3-2011 from the following trial balance and additional information.

(15)

Debit Balance	Rs.	Credit Balance	Rs.
Stock (1-4-2010)	550000	Equity share capital	300000
Director fees	5000	Sales	443500
Land & Buildings	400000	General reserve	220000
Audit Fees	4000	8% secured debentures	150000
Purchases	140000	Provident Fund	50000
Carriage inward	6000	Profit & Loss a/c	19000
Administration exp.	10000	(1-4-2010)	
Interest on debentures	10000	Provision for Tax	25000
Bills receivables	26000	(1-4-2010)	
Sundry debtors	45000	Public deposit	30000
Good will	120000	Interest on investments	5500
Cash & Bank	35000	Share transfer fees	10000
Salaries	50000	Creditors	40000
Preliminary exp.	16000	Purchase return	10000
Bad debts	4000	Bill payable	12000
sales return	3500		
shares of V/P Ltd	60000		
Furniture	70000		
Machinery	100000		
Stores & Spareparts	22000		
Income tax paid	20000		
Selling expenses	13500		
Investments	100000		
	1315000		1315000

Additional information :

- (1) Stock on 31-3-2011 was Rs. 100000.
- (2) Depreciation is to be provided at 5% on Furniture and Machinery and 2% on land & buildings.
- (3) Assessment of last year is completed without any due and provision for tax is to be kept Rs. 30000 for current year.
- (4) One-Fourth of preliminary expenses should be written off.
- (5) The directors have recommended 10% dividend on equity share after transferring Rs. 25000 to general reserve.

OR

Q.4

- (A) Give at least FOUR illustrations of the following : (06)
- (1) Contingent Liabilities
 - (2) Reserves
 - (3) Current assets
- (B) What is the purpose of preparing the profit & loss Appropriation a/c in the Final accounts of company ? Give the preforma of the profit & loss Appropriation a/c. (06)
- (C) How will you show the following items in the final accounts of of company ? (03)
- (1) Patents
 - (2) Underwriting commission
 - (3) Share Transfer Fees
 - (4) Director Fees
 - (5) Unclaimed dividend
 - (6) Call in arrears
