

**SARDAR PATEL UNIVERSITY**  
**BBA (ITM) (NC) II Semester Examination**  
**Wednesday, 20<sup>th</sup> March 2013**  
**3 - 5 pm**  
**UM02CBBI02/08 – Corporate Accounting I**

**Total Marks: 60**

**Note :** (a) Figures to the right indicate marks.  
 (b) Show your working clearly.

Q.1 A Company issued a prospectus inviting applications for 20000 Equity Shares of Rs. 10 each at a premium of Rs. 2 per Share Payable as under : [15]

On Application	Rs. 2
On Allotment	Rs. 5 (including premium)
On First Call	Rs. 2
On Second Call	Rs. 3

Application were received for 30000 shares and allotment made pro-rata to the applications of 24000 shares and the remaining applications were refused and the amount was refunded. Money over-paid on applications was to be transferred to Allotment Account.

A, to whom 800 shares were allotted, failed to pay the allotment money and B, to whom 1000 shares were allotted failed to pay the two calls.

Pass necessary journal entries in the books of the company.

**OR**

Q.1 Prashant Limited issues for public subscription 70000 Equity Shares of Rs. 10 each at a discount of 5% 115000 applications were received. Shares were allotted as under : [15]

- (i) To refuse allotment to applications for 30000 shares.
- (ii) To give full allotment to applicants for 10000 shares.
- (iii) To allot the remaining shares pro-rata among other applications.

Money approved on applications was employed on account of sums due on allotment. The company called up the amount per share as under :  
 On applications Rs. 2, on allotment Rs. 2.50, on first call Rs. 3 and on final call Rs. 2.

Suresh who was allotted 2400 shares at pro-rata, did not pay the allotment, first call and final call.

Hemant who applied for 2000 shares and who was allotted shares at pro-rata, did not pay the first call and final call.

Pass necessary journal entries to record the above transactions in the books of the company.

Q.2 (A) A Limited company issued on 1-1-2006 Rs. 100000 Debentures at a discount of 6 per cent, repayable by annual drawings of Rs.20000, show the Debenture Discount Account in the ledger for the period of duration of the debenture. [05]

(B) Indra Limited issued 1000 15% Debentures of Rs. 100 each on 1<sup>st</sup> January, 2008 redeemable at a premium of 10%. Terms of issue provided that the company set aside every year a sum of Rs. 34893 to be invested at 12% outside the business. The investments were sold off at Rs. 71580 at the end of third year and debentures were paid off. [10]

Prepare Sinking Fund Account and Sinking Fund Investment Account.

**OR**

Q.2 The following balance appeared in the books of a company on 31<sup>st</sup> December, 2012. [15]

	<u>Rs.</u>
12% Mortgage Debenture (Rs. 100 each)	1000000
Sinking Fund (for redemption of debentures)	1042000
Sinking Fund Investments :	
(i) 10% Government Loan (at par)	500000
(ii) 9% Government Paper (Face value Rs. 560000)	542000

On 28<sup>th</sup> February, 2013 the investments were sold at Rs. 110 and Rs. 99 respectively, and debentures were paid off at Rs. 102 together with accrued interest.

The interest on debentures had been paid up to 31<sup>st</sup> December, 2012.

Write up the Ledger Accounts concerned.

Q.3 The following was the Balance Sheet of 'A' Limited as at 31<sup>st</sup> March, 2012 : [15]

<u>Liabilities</u>	<u>Rs.</u>	<u>Assets</u>	<u>Rs.</u>
10,000 Equity Shares of Rs. 10 each	100000	Land and Buildings	75000
3,000 5% Redeemable Preference shares of Rs. 10 each	30000	Plant and Machinery	45000
Capital Reserve	20000	Sundry Debtors	35000
General Reserve	12000	Stock	25000
Profit & Loss Account	15000	Cash on Hand	20000
Sundry Creditors	23000		
	<b>200000</b>		<b>200000</b>

The company decided to issue 2000 Equity Shares of Rs. 10 each at a premium of Rs 2 per share for cash and to redeem 3000 5% Redeemable Preference Shares at 10% premium.

You are required to pass the necessary Journal Entries and to prepare a Balance Sheet after completion of the transactions which took place on 1<sup>st</sup> April, 2012.

**OR**

Q.3 The Balance Sheet of Heena Limited as on 31<sup>st</sup> March, 2012 was as under : [15]

<u>Liabilities</u>	<u>Rs.</u>	<u>Assets</u>	<u>Rs.</u>
15,000 Equity Shares of Rs. 10 each	150000	Fixed Assets	150000
6,000 6% Redeemable Preference shares of Rs. 10 each	60000	Stock	75000
Profit & Loss Account	83000	Debtors	30000
Creditors	25000	Bank Balance	80000
Proposed Dividend	17000		
	<b>335000</b>		<b>335000</b>

Under the terms of redemption, Redeemable Preference Shares were to be redeemed at a premium of 5% for the purpose of redemption 2000.

5% Preference Shares of Rs. 10 each were issued at a premium of Rs. 5 per share and were fully paid.

On 1<sup>st</sup> April, 2013 6% Redeemable Preference Shares were redeemed. Bonus issue of one Equity share for every 10 Equity Shares was made on that date.

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

Q.4 Prepare a Balance Sheet (Horizontal Form) of a Company in accordance with Companies Act, 1996 with imaginary figures. [15]

**OR**

Q.4 The following balances were recorded in the books of Krishna Limited as on 31-3-2012 : [15]

<u>Debit Balances</u>	<u>Rs.</u>	<u>Credit Balances</u>	<u>Rs.</u>
Calls in Arrears	10000	Equity Share Capital (Rs. 10 each, fully Paid)	200000
Interest on Debentures	2500	9% Preference Share Capital (Rs. 10 each)	100000
Opening stock	50000	10% Debentures	50000
Purchases	155000	Sales	401500
Land and Buildings	200000	Purchase return	500
Machinery	140000	Income from Investments	12500
Furniture	40000	Creditors	100000
Investments	190500	Share Premium	15000
Loose tools	18000	Share Forfeiture A/c	5500
Debtors	80000	Capital Reserve	100000
Preliminary Expenses	10000	Provident Fund	15000
Product Wages	45500	Profit & Loss A/c	8000
Salaries	70000	Public Deposit	18000
Rent and Taxes	22000	Reserve for bad debts	2000
Postage and Telegram	17500	Debenture Redemption Fund	20000
Income tax paid	40000	General Reserve	60000
Cash & Bank balance	15000		
Sales return	1500		
	<b>1108000</b>		<b>1108000</b>

Taking into account the following information, prepare the Final Accounts as at 31<sup>st</sup> March, 2012 in the Horizontal Form prescribed under the Companies Act, 1956:

- (1) The stock on 31-3-2012 was Rs. 85000
- (2) Prepaid Rent amounted to Rs. 1500.
- (3) Provided depreciation on Machinery at 10%, on Furniture at 4% and 5% on Land and Building.
- (4) Provide 4% Bad debts Reserve on Debtors.
- (5) Transfer Rs. 30000 to General Reserve.
- (6) The Directors of the company, recommended, 9% dividend on Preference Share Capital and 10% on Equity Share Capital.

