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SARDAR PATEL UNIVERSITY
F.YB.B.A (HONOURS (ITM)) EXAMINATION
SEMESTER – II (CBCS)
Saturday, 22 February 2014
2.30 - 4.30 pm

UM02CBBI04: CORPORATE ACCOUNTING -I

Total marks: 60

NOTE: Figures to the right indicates marks of respective question.
: All working notes are part of the answers.

Q.1 [A] Mukesh company Ltd. issued a prospectus inviting applications for 20, 000 Ordinary Shares of Rs. 10 **[10]**
Each at a premium of Rs. 2 per share payable as under:

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

Applications were received for 30, 000 shares and allotment made pro-rata to the applicants of 24, 000 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 1,000 shares were allotted failed to pay the two calls.
Pass necessary journal entries in the books of the company.

[B] Distinguish between Equity share and Preference share. (Any five point) **[05]**

OR

Q.1 [A] Jalpesh Co.Ltd. Issues for public subscription 70,000 Equity Shares of Rs.10 each at a discount of 5%. 1, 15,000 applications were received. Shares were allotted as under: **[10]**
i) To refuse allotment to applicants for 30,000 shares.
ii) To give full allotment to applicants for 10,000 shares.
iii) To allot the remaining shares pro-rata among other applicants.
Money overpaid on applications was employed on account of sums due on allotment. The company called up the amount per share On application 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 and first call money.
Hemant who applied for 2,000 shares and who was allotted shares at Pro-rata, did not pay the first and final call money.
Pass necessary journal entries to record the above transactions in the books of the company.

[B] Explain the types of share capital in brief. [05]

Q.2 [A] A Company issue 14% Debentures of Rs. 1, 35,000 on 31-12-2000 with a condition That they should be redeemed by setting aside at the end of every year Rs.30, 000 Out of profit, investing the amount in 10% Govt.securities. The interest received at the End of year should be invested in the same securities. [08]
Securities were sold off on 30-6-2004 for Rs. 1, 40, 000 and debentures were paid off. Prepare Debenture Redemption Fund A/c & Debenture Redemption Fund Investment A/c and also pass the necessary entries.

[B] Explain the various types of Debentures. [07]

OR

Q.2 On 1st January, 1988, Nirma Ltd. Issued 10,000 12% Debentures of Rs. 100 each for 10 years on condition that the debentures could be redeemed by the Company at a premium of 4% by giving 6 months' notice at any time after 5 years, either by payment of cash or by allotment of Shares and/or other debentures according to the option of the debenture holders. [15]
Necessary notice was given on 1st April, 1993 informing the debenture-holders about the company's intention to redeem debentures on 1st October, 1993 either by payment in cash or by allotment of 8%prefrence shares of Rs. 100 each at Rs. 130 or by issuing 14% debentures of Rs. 100 each at Rs.96 each.
Holders of 4000 debentures accepted Preference Shares holders of 4800 debentures accepted the offer of 4% debentures and the rest claimed cash. Pass necessary journal entries for the redemption of debentures with your calculation.

Q.3 [A] From the following information calculate the amount of new equity shares of Rs. 10 each to be issued for redemption of Red.Pref.Shares: [10]

(1) 10% Red.Pref.Shares	Rs. 4, 00,000
(2) Redemption Premium	10%
(3) Balance shown in Balance Sheet	
Profit and Loss A/c (Credit)	Rs. 1, 20,000
General Reserve	Rs. 74,000
Share Premium	Rs.30, 000

The company wants to issue new Equity shares at 10% discount.

[B] From what sources can bonus shares be issued? [05]

OR

Q.3 The Balance Sheet of Handsome Ltd. As on 31st March, 2000 was as under: **[15]**

Liabilities	**Rs**	**Assets**	**Rs**
Share Capital:		Fixed Assets	1,50,000
Issued & Subscribed 6,000, 6% RedeemablePreference Shares Rs.10 Each fully paid	60,000	Current Assets: Stock 75,000 Debtors 30,000 Bank Balance 80,000	1,85, 000
15, 000 Equity shares of Rs.10 each fully paid	1,50, 000		
Profit & Loss A/c	83, 000		
Creditors	25, 000		
Proposed Dividend	17, 000		
	3, 35, 000		3, 35, 000

Under the terms of redemption, redeemable Preference Shares were to be redeemed at a premium of 5%. For the purpose of redemption 2,000 5% Preference Shares of Rs. 10 each were issued at a premium of Rs. 5 per shares and were fully paid.

On 1st April, 2000 6% Redeemable Preference Shares were redeemed but there is no trace in respect of 20 Preference shares. 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 [A] From the following Trial Balance as on 31-3-2013 and adjustments of Pashupati Co. Ltd., you are required to prepare Trading A/c., P&L A/c and P&L Appropriation A/c for the year ended 31-3-2013 and Balance Sheet as on that date. **[15]**

Trial balance as on 31-3-2013

Debit Balances	**Rs.**	**Credit Balances**	**Rs.**
Calls-in-arrears	10,000	8%Prefernce share capital	1,00,000
Opening Stock(1-4-2012)	33,300	Equity share capital	2,00,000
Purchases	1,06,500	Share Premium	21,000
Building	1,70,000	General Reserves	1,45,000
Plants & Machineries	1,15,000	Provident Fund	13,000
Preliminary Exps.	6,000	10% Mortgage Debentures	50,000
Furniture	32, 000	Sales	2,60,000
Investment	1,65,700	Sundry Creditors	33,000
Loose tools	12,000	P & L A/c (1-4-2012)	5,500
Sundry Debtors	66,000	Bank Loan(secured)	25,000
Direct Wages	35,200	Public Deposits	15,000
Deb.Red Fund Investment	20,000	Income from Investments	9,500
Salaries	57,000	Deb.Red.Fund	20,000
Rent & Taxes	20,000	Bad debts reserves	3,000

Director's fees	3,500		
Postage	6,500		
Contribution to Provident Fund	2,500		
Cash & bank balance	10,800		
Prepair Income Tax	28,000		
	9,00,000		**9,00,000**

Adjustments:

1) Closing stock is valued at Rs. 1,00,000
2) Provide 5% reserves for bad debts on sundry debtors.
3) Prepaid Rent Rs. 2,000 unpaid, salary Rs. 5,000.
4) Write off 1/6 of preliminary expenses.
5) Transfer Rs. 20,000 to General Reserves and Rs. 5,000 to Deb.Red.Fund.
6) Directors have recommended 8% Dividend on Pref. Share Capital and 10% dividend on Equity Share Capital.
7) The authorized capital of the company amount to Rs. 5, 00,000.

OR

Q.4 Following the trial balance of Manisha Ltd. As on 31st March 2013. **[15]**

Particulars	**Rs.**	**Particulars**	**Rs.**
Stock as on 1-4-12	80,000	Purchase Return	10,000
Purchases	2,45,000	Sales	3,45,000
Wages	32,000	Discount	3,000
Carriage inward	950	P&L account	15,000
Furniture	17,000	Share Capital	1,00,000
Salaries	7,500	Creditors	17,500
Rent	4,000	General reserve	15,500
Sunday Trade exps.	7,050	Bills Payable	9,000
Dividend paid	9,000		
Debtors	27,500		
Plant & machinery	29,000		
Cash at bank	46,200		
Patents	4,800		
Bills receivable	5,000		
	5,15,000		**5,15,000**

Additional Information:

1) Stock as on 31st March 2013 is Rs. 90,000.
2) Provide for income tax @50%.
3) Depreciate Plant & Machinery @16%, Furniture @ 9%.
4) On 31st March 2013, outstanding rent Rs. 900 and salaries Rs. 1,000.
5) Provide Rs. 500 for doubtful debts.
6) The board of Directors have proposed 14% dividend on share capital.
Prepare financial Statements for the Company.

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