

[A-1/A-2]

SEAT No. \_\_\_\_\_

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**SARDAR PATEL UNIVERSITY**  
**BBA (SEMESTER II) (NC) EXAMINATION**  
**(2010 Batch)**

**Corporate Accounting-I (UM02CBBA02/07) (For BBA-GEN)**

**Corporate Accounting (UM02EBBS02) (For BBA-ISM)**

**Date: 8<sup>th</sup> April, 2019 Monday**

**Time: 10:00 to 12:00**

**Total Marks: 60**

**Note: Figure in the right indicates mark.**

<b>Q - 1</b>	<p>Anand Ltd. Is having authorized capital of 8,00,000 equity share of Rs. 10 each. On 11<sup>th</sup> April 2010, company issued 4,00,000 equity shares at a premium of Rs. 2 per share. Share amount was called up as under:</p> <p>On 11<sup>th</sup> April, 2010 with application Rs. 5 per share (including premium of Rs. 2 per share) On 2<sup>nd</sup> June, 2010 with allotment Rs. 3 per share On 2<sup>nd</sup> August, 2010 with application Rs. 2 per share On 2<sup>nd</sup> October, 2010 with application Rs. 2 per share</p> <p>Company received application for 4,90,000 equity shares and allotment was made pro-rata to the applicant of 4,80,000 shares. The remaining applications were refused and the amount was refunded. Money overpaid on application was to be transferred to allotment account.</p> <p>Neel, to whom 21,000 shares were allotted, failed to pay the allotment money and Vihar, to whom 25,000 shares were allotted, failed to pay the two calls.</p> <p>Pass necessary journal entries in the books of the company.</p>	<b>(15)</b>						
<b><u>OR</u></b>								
<b>Q-1</b>	<p>Mahesh Ltd. Issued 30,000 equity shares for public subscription at Rs. 10 each at a premium of Rs. 2 per share, payable as follows:</p> <p>On Application      Rs. 2 per share On Allotment        Rs. 5 (including premium) On First Call        Rs. 2 per share On Final Call        Rs. 3 per share</p> <p>Application were received for 50,000 shares. Allotment was made pro rata to the applicant for 40,000 shares and the remaining applicants were rejected. Money overpaid on application was applied towards sum due on allotment.</p> <p>Kanika, a holder of 1,500 shares, failed to pay the allotment money and Anika, a holder of 1,600 shares, failed to pay the two calls. Show journal entries in the books of the company to record above transactions.</p>	<b>(15)</b>						
<b>Q-2</b>	<p>The following were the balance in the books of Radha Limited as on 31<sup>st</sup> December, 2013.</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;">Rs</th> </tr> </thead> <tbody> <tr> <td>15% Mortgage Debentures</td> <td style="text-align: right;">8,00,000</td> </tr> <tr> <td>Debenture Redemption Fund</td> <td style="text-align: right;">8,80,000</td> </tr> </tbody> </table>		Rs	15% Mortgage Debentures	8,00,000	Debenture Redemption Fund	8,80,000	<b>(15)</b>
	Rs							
15% Mortgage Debentures	8,00,000							
Debenture Redemption Fund	8,80,000							

**Debenture Redemption Fund Investment:**

1. 10% Central Govt. loan	6,00,000
2. 8% National Defence Bonds(Face value Rs.3,00,000)	2,80,000
	<b>8,80,000</b>

On 31<sup>st</sup> March 2014, 10% Central Govt. loan was sold at Rs. 110 and 8% National Defense Bonds were sold at Rs,95.

Debentures were redeemed at Rs. 108 together with accrued interest.

The interest on debentures had been paid up to 31<sup>st</sup> December 2013.

Pass Journal Entries and prepare necessary accounts in the books of Radha Ltd.

**OR**

Q-2 Give meaning of Debentures and discuss types of Debentures. (15)

Q-3 Give meaning of Bonus Shares. Write down the sources available for issuing Bonus Shares with Performa journal entries of issuing fully paid bonus share. (15)

**OR**

Q-3 The Balance sheet of Mahesh Ltd as on 31.12.2015. (15)

**Balance Sheet**

Liabilities	Rs.	Assets	Rs.
6000 Equity Shares of Rs.100 each fully paid	6,00,000	Land and Building	7,00,000
2000, 9% Redeemable pref. Shares of Rs.100 each full paid	2,00,000	Plant & Machinery	2,00,000
2000, 7% Red. Pref. Shares of Rs.100 each, Rs.80 per Share Paid up	1,60,000	Investments	1,50,000
Shares Premium	40,000	Stock	1,20,000
General Reserve	2,00,000	Debtors	2,80,000
Profit & Loss Account	1,00,000	Cash balance	1,50,000
10% Debentures	1,00,000		
Creditors	2,00,000		
	<b>16,00,000</b>		<b>16,00,000</b>

On this date, the company decided to redeem both the classes of preference shares at 10% premium after complying with the provision laid down under Sec. 80 of the Companies Act 1956 and also decided to redeem 10% Debentures at 3% premium.

For this purpose necessary number of equity shares of Rs.100 each is issued at par. Cash balance of Rs.7,000 is to be maintained in the business. All investments are sold away for Rs.1,60,000. All the Preference Shareholders are paid in full.

The company then decided to utilize the resultant reserve created out of redemption of preference shares for issuing fully paid Bonus share to its Equity Shareholders. Pass necessary journal entries and prepare revised Balance Sheet.

Q-4 Give detailed Performa of Trading Account, Profit & Loss account, Profit & Loss Appropriation Account & Balance Sheet (Horizontal) in accordance with the provisions of a Companies act, 1956 with imaginary figures. (15)

**OR**

Q - 4

The following is the Trial Balance of Karan Ltd. as on 31-03-2014:

(15)

Particulars	Dr. Rs.	Particulars	Cr. Rs.
Opening Stock	4,00,000	Equity Share each Rs. 100	8,00,000
Furniture	70,000	Sales	13,06,000
Debtors	1,20,000	8% Debentures	80,000
Loose Tools	40,000	Purchase Return	8,000
Wages	30,000	Debenture Redemption Fund	60,000
Salaries	1,10,000	Provident Fund	36,000
Interest on Debentures	3,200	Capital Reserve	42,000
Directors Fees	12,000	General Reserve	70,000
Income Tax	56,000	Creditors	90,000
Purchases	4,08,000	Bills Payable	19,200
Land and Building	7,00,000	Profit & Loss A/c.	16,000
Sales return	6,000	Bank loan	60,000
Plant and Machinery	2,00,000	Income from Investments	20,000
Preliminary Expenses	20,000	Public Deposit	30,000
Investments	1,40,000		
Rent	50,000		
Postage and Telegram	6,000		
Good will	1,00,000		
Deb. Red. fund Investment	60,000		
P. F. Contribution	6,000		
Cash Balance	1,00,000		
	<b>26,37,200</b>		<b>26,37,200</b>

You are required to prepare the Final Accounts of the Company for the year ended 31st March 2014 accordingly to the requirements to the Company Act, 1956 after taking into account the following additional information's.

**Additional Information**

1. The authorized share Capital of the company amounted to be Rs.20,00,000
2. Prepaid Rent amount Rs. 2,000.
3. Outstanding expenses - Salaries Rs. 4,000 and wages Rs. 6,000
4. The stock at the end was Rs. 3,60,000
5. Depreciate plant and Machinery at 4% and furniture and land building at 10%
6. Reserve for bad debts on debtors to be maintained at 10%.
7. 40% preliminary expenses written off.
8. An amount of Rs. 50,000 to be transferred to general reserve.
9. The Directors of the Company recommend 12% dividend of Equity Share Capital.

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