

[104/A14]

**SARDAR PATEL UNIVERSITY**  
**BBA (ITM) (4 Years) (SEMESTER - II) EXAMINATION**  
**30<sup>th</sup> March, 2019 (Saturday)**  
**2:00 PM to 4:00 PM**

**UM02CBBI04 – Corporate Accounting - I**

**Total Marks: 60**

- Note:** (1) Figures in the right indicate marks  
 (2) Working Notes should be part of answer.

<b>Q-1</b>	Ishit Limited issued 3,00,000 Equity Shares of Rs 10 each payable as under:	<b>(15)</b>
	On Application	Rs 3 per share
	On Allotment	Rs 4 per share (including Re. 1 premium)
	On First call	Rs 2 per share
	On Final call	Rs 2 per share

Applications were received for 5,00,000 shares. It was decided to allot shares as follows:

- (A) Applications for 70,000 shares were rejected.  
 (B) Full allotment was made to applicants of 40,000 shares.  
 (C) The balance was allotted pro-rata to the remaining applicants.  
 (D) The excess application money was to be credited to allotment money.

One applicant who was allotted shares pro-rata, failed to pay call money on his 400 shares. Make journal entries to record the above transactions in the books of Company.

**OR**

**Q-1 [A]** Give meaning of 'Share Capital'. Discuss types of Share Capital with example. **(05)**

**[B]** Hiyan Ltd. issued 15,00,000 equity shares of Rs 10 each. The company received applications for 18,00,000 shares. Shares were allotted at meeting of Board of Directors. Excess shares applications were rejected and the application money thereon was refunded to the applications. Amount was called up as under. **(10)**

On application	Rs 2.50 per share
On allotment	Rs 3.00 per share
On first call	Rs 2.50 per share
On final call	Rs 2.00 per share

Raj who was allotted 400 shares, could not pay first and final call. Except this, all the amounts due from all the shareholders were received on due dates. Record necessary journal entries relating to above transactions in the books of the company.

**Q-2** Following were the balances in the books of Mukesh limited on 31<sup>st</sup> March, 2018. **(15)**

12% mortgage debentures	10,00,000
Interest received on debenture redemption fund investment	30,000
Discount on issue of debentures	40,000
Debenture redemption fund	7,20,000
<b>Debenture redemption investments:</b>	
7% UP govt. loan (purchase at par)	2,40,000
10 % National Defense Bonds (face value Rs.5,00,000)	<u>4,80,000</u>
	7,20,000

On the same day the investments were sold as follows:

UP govt. loan at Rs.105 and National Defense Bonds at Rs.95

On the 1<sup>st</sup> April 2018, the debentures of Rs. 7,00,000 were redeemed at a premium of 5%. On the same day Central Government loan of Rs.2,40,000 were purchased at 5% premium. Annual contribution for redemption of debentures was Rs.1,20,000.

Pass journal entries in the books of the company to record the above transactions. Show your working.

**OR**

Q-2 [A] Discuss types of Debentures in detail. (08)

[B] SHM Ltd. Issued 12%, 6,600 Debentures of Rs.100 each at a discount of 5% on 1-1-2014. These debentures are redeemable as follows: (07)

On 31-12-2014 Rs. 1,20,000

On 31-12-2015 Rs. 1,80,000

On 31-12-2016 Rs. 90,000

On 31-12-2017 Rs. 1,50,000

On 31-12-2018 Rs. 60,000

Give journal entry of issue of debentures and prepare the Debenture Discount A/c for the period of duration of the debentures.

Q-3 The Balance sheet of Vani Ltd as on 31.12.2018. (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.

**OR**

Q-3 [A] Give meaning of Bonus Shares. Write down the sources available for issuing Bonus Shares with Performa journal entries of issuing fully paid bonus share. (08)

[B] Komal ltd declared bonus to make its partly paid shares as fully paid shares out of General reserve. Then capital redemption reserve account and profit & loss account were utilized to issue 3 fully paid equity shares for each of 5 shares held as bonus. (07)

(2)

The balance as on 31<sup>st</sup> December, 2018 is given below:

Share capital (Rs.100) Rs. 90 paid up	4,50,000
General reserve	50,000
Capital redemption reserve	2,00,000
Profit & Loss A/c (Cr.)	1,00,000
Share premium	40,000

Pass necessary entries in the books of company.

- Q-4** RWS Company Limited has an authorized, issued, subscribed and paid up capital Rs. (15) 2,25,000 divided into 22,500 equity shares of Rs. 10 each. The following has been extracted from the books of the company on 31<sup>st</sup> March 2018

**Trial Balance as on 31-3-2019**

	Rs.		Rs.
Purchase	2,00,000	Equity share capital	2,25,000
Goodwill	37,500	Sales	3,05,000
Stock (as on 1-4-2018)	45,000	Creditors	90,000
Salary	15,000	General Reserve	1,12,500
Debtors	1,20,000	Purchase return	7,500
Furniture	30,000	Bills payable	15,000
Wages	37,500	P&L appropriation account	15,000
Investment	22,500	(1-4-2018)	
Audit fees	7,500		
Freight	11,250		
Director Fees	11,250		
Building	60,000		
Sales return	15,000		
Bills receivable	37,500		
interims dividend paid	7,500		
Plant machinery	60,000		
Cash and Bank	43,500		
Telephone Deposit	9,000		
	<b>7,70,000</b>		<b>7,70,000</b>

Prepare Trading Account, Profit and Loss account and Profit and loss appropriation account of the company for the year ended 31-3-2019 and balance sheet as on that date in horizontal format.

1. Stock on 31-3-2019 was Rs. 1,00,000.
2. Depreciate plant and machinery by 5% building by 10% and furniture by 2.5%.
3. Write off Rs. 5,000 as bad debts.
4. Transfer Rs. 15,000 to general reserve.
5. Make a provision for income tax Rs. 20,000.
6. Directors of the company have declared 10% dividend on equity shares.

**OR**

- Q-4** Draft format of balance sheet and profit and loss account as per revised format in vertical (15) form with imaginary figures.

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