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SARDAR PATEL UNIVERSITY
BBA (ITM) (3 Years) (SEMESTER - II) EXAMINATION
30th March, 2019 (Saturday)
2:00 PM to 4:00 PM

UM02CBBI05 – Corporate Accounting – I

Total Marks: 60

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

Q-1 [A] Discuss types of debentures in detail. (08)

[B] Dolly Ltd. issued on 1.1.2014 12% debentures of Rs.10,00,000 at a discount of 6%. The company received the full amount. The company will redeem debentures of Rs.2,00,000 every year. Prepare discount on issue of debentures account from 1.1.14 to 31.12.18. (07)

OR

Q-1 The books of "Shlok" Ltd showed the following balances on 31.12.17 (15)

12% mortgaged debenture	10,00,000
Debenture redemption fund	10,82,000
Debenture redemption fund investment	
a. 7% central govt. loan purchased at face value	5,28,000
b. 9% national defence bond(face value Rs.5,60,000)	<u>5,42,000</u>
	10,70,000

On 31.3.2018, 7% central govt. loan and 9% national defense bond were sold at Rs.110 and Rs.98 respectively and on the same date debenture were redeemed at Rs.107.50 including unpaid interest. Debenture interest was paid up to 31.12.17.

Write necessary journal entries in the books of Shlok Ltd.

Q-2 [A] Komal Ltd declared bonus to make its partly paid shares as fully paid shares out of General reserve. Then capital redemption reserve account and share premium account were utilized to issue 3 fully paid equity shares for each 5 shares held as bonus. (08)

The balance as on 31st December, 2018 is given below:

Share capital (Rs.100) Rs. 80 paid up	4,00,000
General reserve	1,50,000
Capital redemption reserve	3,00,000
Share premium	40,000

Pass necessary entries in the books of company.

[B] Write provisions of Sec. 80 of The Companies Act for redemption of preference share and list out profits available for distribution of dividend. (07)

OR

Q-2 The balance sheet of UVX limited as on 31.3.2018 are as follows: (15)

Liabilities	Rs.	Assets	Rs.
2500 Equity shares of Rs.100 each, Rs.80 paid up per share	2,00,000	Fixed assets	3,00,000
1000, 10% redeemable preference shares of Rs.100 each, Rs.80 paid up per share	80,000	Investments	25,000
Share premium	7,500	Stock	40,000
General reserves	1,20,000	Debtors	1,00,000
Profit and Loss A/c	20,000	Cash and bank	20,000
Creditors	57,500		
	4,85,000		4,85,000

The preference shares are redeemed at 5% premium after complying with the provisions lay down under Section 80 of the Company's Act. For this purpose necessary number of Equity shares of Rs.100 each is issued at par. Cash balance of Rs.25,000 is to be maintained in the business. All the investments are sold away for Rs.20,000. All the preference shareholders are paid in full.

After redemption of the preference shares the company decided that the full amount of capital redemption reserve and part of the general reserves be applied in the following manner.

1. The declaration of bonus at the rate of Rs.20 per share for the purpose of making the said equity shares fully paid.
2. The issue of bonus shares to the equity share holders in the ratio of one share for every five shares held by them.

Write the journal entries and prepare balance sheet.

Q-3 Explain following terms with suitable example:

1. Dividend and Interim Dividend
2. Contingent Liability
3. Miscellaneous Expenses

(07)

OR

Q-3 Hetvi Ltd. is a company with an authorized capital of Rs. 5,00,000 divided into 5,000 equity shares of Rs. 100 each. 2,500 shares were fully paid-up on 31.12.2018. (15)

The following are the balances extracted from the books of the company as on 31.12.2018:

PARTICULARS	RS	PARTICULARS	RS
Stock	50,000	Advertisement	3,800
Sales	4,25,000	Bonus	10,500
Purchases	3,00,000	Debtors	38,700
Wages	70,000	Creditors	35,200
Discount allowed	4,200	Plant and Machinery	80,500
Discount received	3,150	Furniture	17,100
Insurance paid-up to 31.3.2019	6,720	Cash and bank	1,34,700
Salaries	18,500	General Reserve	25,000
Rent	6,000	Loan from managing director	15,700
General expenses	8,950	Bad debts	3,200

P and L Account balance (Cr.)	6,220	Calls-in-arrears	5,000
Printing and Stationery	2,400		

You are required to prepare Trading account, Profit and loss account and P & L Appropriation account for the year ended 31.12.18 and the balance sheet as on that date of the company. The following further information is given:

1. Closing stock, Rs. 91,500
2. Depreciation to be charged on plants, machinery and furniture at 15% and 10% respectively
3. Outstanding liabilities: wages Rs. 5,200, salary Rs.1, 200 and rent Rs.600.
4. Dividend @ 5% on paid-up share capital is to be provided.

Q-4 The followings are the summarized Balance Sheets of Kavni Limited. (15)

Liabilities	31-03-17	31-03-18	Assets	31-03-17	31-03-18
Equity sh. Capital	4,00,000	6,00,000	Building	3,50,000	4,00,000
General Reserve	1,00,000	1,20,000	Machinery	2,50,000	3,00,000
Profit & Loss A/C	1,00,000	80,000	Furniture	40,000	80,000
20% Debentures	2,00,000	2,00,000	Stock	1,00,000	1,20,000
Creditors	70,000	1,00,000	Debtors	1,50,000	1,90,000
Bills Payable	30,000	40,000	Bills Receivable	50,000	60,000
Bank Overdraft	60,000	60,000	Cash Balance	20,000	50,000
	<u>9,60,000</u>	<u>12,00,000</u>		<u>9,60,000</u>	<u>12,00,000</u>

Additional Information:

	<u>31/3/2017</u>	<u>31/3/2018</u>
Total sales (20% cash sales)	11,25,000	12,50,000
Gross Profit	4,25,000	5,00,000
Profit after Tax (Tax Rate 50%)	1,50,000	2,00,000
Opening Stock of the year	80,000	----

From the above particulars, you are required to calculate following ratios for both the years, and make your comments.

- (1) Stock Turnover Ratio
- (2) Debtors Ratio (on the basis of 300 days)
- (3) Debt-Equity Ratio
- (4) Current Ratio
- (5) Net Profit Ratio

OR

Q-4 Give meaning of Accounting Ratio. Discuss utility and limitation of Ratio Analysis. (15)

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(3)

