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SEAT No. _____

No. of Printed Pages : 3

SARDAR PATEL UNIVERSITY
BBA (ITM) SEMESTER -II (3 Years)
CORPORATE ACCOUNTING I UM02CBBI22

26th March 2019 Tuesday

Time: 2.00 P.M TO 4 .00 P.M

Total Marks :60

No. of Printed Pages: 03

Q:1 Priyanshi Ltd. Issues a prospectus inviting applications for 20,000 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

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 overpaid on applications was to be transfer to allotment account.

Pinky to whom 800 shares were allotted, failed to pay the allotment money and Priti to whom 1,000 shares were allotted failed to pay two calls.

Pass necessary journal entries in the books of the company

OR

Q:1 (a) Discuss the types of share capital. (05)
 (b) Kavya Ltd issued 1,000 Equity shares of Rs. 10 each at a premium of Rs. 2 Per share, payable as under: (10)

On application	Rs. 3
On Allotment	Rs. 5(including premium)
On first call	Rs. 2
On final call	Rs. 2

Applications were received for 1,600 shares from which 100 applications were refused and allotment was made pro-rata to the remaining applications.

Keya to whom 100 shares allotted failed to pay money due on first call.

Pass necessary journal entries in the books of Kavya Ltd.

Q:2 (a) On 1st January 2012 Tata Motor Ltd. Issued 20,000 10% debenture of Rs. 100 each for 5 years on condition that the debenture could be redeemed by the company at a premium of 2% by giving six months' notice at any time after five years, either by payment of cash or by allotment of shares and /or other debentures according to the options of debenture holders. (08)

Necessary notice was given on 1st April 2017, informing the debenture holders about the company's intentions to redeem debentures on 1st October 2017 either by payment of cash or by allotment of 12% preference share of Rs. 100 each at Rs. 120 per share or by issuing 11% debentures of Rs. 100 each at Rs. 98 each.

Holder of 4000 debentures accepted preference shares, holders of 9800 debentures accepted the offer of 11% debentures and the rest claimed cash.

Pass necessary journal entries for redemption of debentures

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(P.T.O.)

- Q:2 (b) Archana Ltd. issued 12% 8,000 debentures of Rs. 100 each at a discount of 5.5% on 1 April 2012. These debentures are redeemable as follows: (07)

	Rs.
On 31 st march 2013	1,60,000
On 31 st march 2014	2,40,000
On 31 st march 2015	1,20,000
On 31 st march 2016	2,00,000
On 31 st march 2017	80,000

Prepare Debenture Discount Account with necessary calculations.

OR

- Q:2 (a) Define debenture and Explain types of debentures (07)
 Q:2 (b) Anjali Ltd issues 14% Debentures of Rs. 1,35,000 on 1-1-2010 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 the year should be invested in the same securities. (08)

Securities were sold off on 30-6-2014 for Rs. 1,40,000 and the debentures were paid off.

Show the Debenture Redemption Fund Account and Debenture Redemption Fund Investment Account.

- Q:3 (a) State the provision regarding redemption of preference shares (07)
 Q:3 (b) Aarchi co Ltd. declared bonus out of its General Reserve to convert its partly paid shares into fully paid shares. Afterwards three fully paid equity shares were used to distribute as bonus in exchange for five shares from shares premium and capital Reserves. (08)

The balances on 31st march 2015 are as under:

Equity share capital (each shares of Rs. 100 paid up Rs.75 per share)	6,00,000
General reserve	2,50,000
Capital reserve	3,30,000
Share premium	1,50,000

OR

- Q:3 (a) What are bonus shares? Explain reason for issue of Bonus shares and sources of bonus shares. (07)
 Q:3 (b) Hetal Ltd. issued 12% Redeemable preference share capital of Rs. 3,00,000 which decided to redeem it at a premium of 10%. On the same date the company's balance sheet showed share premium of Rs. 9500 and Profit & Loss A/C (Credit balance) Rs. 1,40,000. For this purpose of redemption, necessary Equity shares Of Rs. 100 each were issued at Rs. 5 discount. The necessary amount for redeeming the preference shares was obtained partly from the balance of profit and partly from issue of shares. (08)
 Pass necessary entries in the books of Hetal Ltd.

- Q:4 Draw format of vertical balance sheet of joint stock company as per revised schedule VI with necessary notes (15)

OR

- Q:4 The Aarti Ltd as registered with nominal capital of Rs. 10,00,000 divided in to (15)

10,000 equity share of Rs. 100 each. From the following information, prepare Profit and loss account for the year ended as on 31st December 2012 in vertical form along with necessary notes and prepare Note -2 of Reserve & Surplus.

Particulars	Rs.	Particulars	Rs.
Plant & machinery	30,000	Salaries	20,000
Insurance	3,000	Printing & stationery	4,000
Sales	4,10,000	Stock 1-1-2012 Raw material: 30,000	50,000
		Finished goods 20,000	
Audit fee	2,000	Rent	6,000
Purchases	2,05,000	Rates & taxes	3,000
Purchase return	5,000	Trade expenses	4,000
Sales return	10,000	Interest & bank charges	8,000
Travelling expenses	10,000	Carriage inward	9,000
General expenses	1,000	Bad debts provision	5,000
Furniture	12,000	Advertisement	6,000
Trade receivable	2,00,000	Legal charges	1,000
Bad debts	2,000	Profit & loss (cr balance)	3,00,000
Wages	70,000	5% debenture	5,00,000
Share premium	50,000	Debenture interest	12,500
Capital reserve	60,000	Debenture redemption fund	3,00,000
Interest on investment received	10,000	General reserve	2,00,000

The additional information are also available:

- 1) Prepaid expenses insurance Rs. 500
- 2) Outstanding expenses – rent Rs. 1000, salaries Rs. 200 & debenture interest for 6 months.
- 3) Depreciation to be provided at 10% on plant & machinery & furniture.
- 4) A provision for bad & doubtful debts is to be created at 5% on debtors
- 5) Stock on 31st December 2012 was valued at raw material 50,000 finished goods 50,000
- 6) The board of director has decided to make following appropriation.
 - a) Provision for taxation : Rs. 30,000
 - b) Proposed equity dividend : Rs. 1,50,000
 - c) Transfer to general reserve :Rs. 1,20,000
 - d) Transfer to debenture redemption fund: Rs. 50,000

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