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SHEAR No. _____

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Sardar Patel University

BBA General: Semester –II

Date: 29/03/2019, Friday

Session: Evening

Time: 2.00 to 4.00 P.M

Subject/Course Title: Corporate Accounting-I

Subject/Course Code: UM02DBBA21

Total Marks: 60

Note : (1) Figure to the right indicate full marks of the question .

(2) Show your calculation clearly

Q-1 (A) ABC Ltd. made an issue of 10,000 equity shares of Rs. 100 each at Rs. 110 (including premium Re. 10). The amount on share capital was to be collected as under: [10]

On application	Rs. 20
On allotment	Rs. 40(including premium)
On first call	Rs. 20
On final call	Rs. 30

Application were received for the 14,000 shares when the subscription list was closed on 10th January, 2018 and the allotment was made as under on 25th January.

- (1) Allotment in full to applicants for 9,000 shares.
- (2) Allotment of 1,000 shares against applications for 4,000 shares.
- (3) Application for 1,000 shares wholly rejected.

Allotted money was received in full on 20th February. First call was made on 1st May, which was received in full on 10th May. Second call was made on 1st November. All money due were fully received except on 1,000 shares. The excess application money was utilized towards payment of allotment and the balance, if any, was transferred to call in advance account.

You are required to draft necessary journal entries for the above transactions. Also show necessary calculations.

(B.) Differentiate between calls in arrears and calls in advance.

OR

[05]

Q-1 Harsh ltd. Issued 4000 equity shares of Rs. 10 at a premium of 20% [15]

(1)

C.P.T.O

per share payable as under:

On Application	Rs. 2
On Allotment	Rs. 5(including premium)
On First call	Rs. 3
On Final call	Rs. 2

Application were received for 6000 shares and pro rata allotment was made to applicants for 4800 share. The remaining applications were rejected. Mr. X who was allotted 80 shares could not pay allotment and first and final call money. Mr. Y who was allotted 100 shares failed to pay first and final call money.

Pass necessary journal entries.

- Q-2 (A.) Naman ltd. Issued 2000, 10% debentures each of Rs. 100 at a discount of Rs.6 per debenture on 1st April, 2014 repayable by 5(five) equal drawing of Rs.20,000 each. The books of accounts of the company are closed on 31st December every year. Show the amount of discount to be written off in every accounting year assuming that the company decided to write off the debenture discount during the life time of the debentures. [10]
- (B.) Aman ltd. issued Rs. 5,00,000 , 10% debentures at a discount of 10% on 1st January , 2014 redeemable after 5 (five) year at a premium of 5% . [05]

OR

- Q-2 On 1st January ,2014 'R' ltd. Issued2700, 10% debentures each of Rs.100 at par, redeemable at par. It was decided to transfer Rs.60,000 every year out of profits to debenture redemption fund and to invest the same along with interest in 10% Central Govt. Securities. On 30th June, 2018 debenture redemption fund investment were sold out for Rs.2,80,000 and the debentures were paid off. Pass necessary journal entries for all the years. [15]

- Q-3 On 31st March, 2018 the Balance Sheet of Niray Company Ltd. Is as under: [15]

Liabilities	Rs.	Assets	Rs.
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20000 Eq. sh. of Rs.10 each fully paid up	2,00,000	Fixed Assets	3,04,000
10% Redeemable Pref. Shares of Rs.100 each fully paid up	1,25,000	Current Assets	1,71,250
9% Redeemable Pref. Shares of Rs100 each 1,25,000		Bank balance	2,25,000
Less: Calls in arrears at Rs 25 each 6250			
-----	1,18,750		
Securities premium	20,000		
Profit and loss A/c	39,000		
General Reserve	1,20,000		
Dividend equalization fund	30,000		
Creditors	47,500		
	7,00,250		7,00,250

On 1-4-2018 the company decided to redeem the above Redeemable Preference Shares at a premium of 10% for which necessary steps were taken according to Companies' Act. Out of 250 9% Redeemable preference shares, on which calls are in arrear, the amount of the call could be received only on 100 shares. For the purpose of redemption the company issued necessary Equity Shares at a discount of 10% and were fully paid up. Company redeemed the Pref. Shares.

Record the above transaction in the books of company and prepare the Balance Sheet after redemption.

OR

Q-3 On 31st March, 2018 the Balance sheet of Shiv ltd. is as follow: [15]

Liabilities	Amount	Assets	Amount
4000 Eq. shares of Rs. 100 each	400000	land	200000

(3)

(P.T.O.)

1000, 8% Red Pref. share of Rs.100 each Rs.80 per share paid up	80000	Buildings	165000
1000, 10% Red Pref. share of Rs.100 each fully paid up	100000	Plant & machinery	100000
Securities Premium	10000	Investments	70000
General Reserve	75000	Stock	100000
Profit & loss A/c	35000	Debtors	90000
Creditors	80000	Cash balance	55000
	780000		780000

On this date, the company decided to redeem both the classes of preference shares at 10% premium after complying with the provisions of Companies Act.

For this purpose, necessary number of equity shares of Rs.100 each are issued at par. Cash balance of Rs.30,000 is to be maintained in the business. All the investments are sold away for Rs.60,000. All the preference shareholders are paid in full.

The company then decided to utilize the resultant reserve created out of the redemption of preference shares for issuing fully paid Bonus shares to equity shareholders.

Pass necessary journal entries in the books of Shiv Ltd

- Q-4 Prepare a format of Vertical Balance Sheet with imaginary figures as per Part-I of Revised Schedule VI of Companies Act, 2013 with necessary notes. [15]

OR

- Q-4 The Ram finance Ltd. as registered with a nominal capital of Rs.10,00,000 divided into 10,000 equity shares of Rs.100 each. From the following information, prepare the profit & loss account for the year ended as on 31st December, 2018 in vertical form along with necessary Notes. [15]

Particulars	Rs	Particulars	Rs
Plant and Machinery	30000	Salaries	20000
Insurance	3000	Printing & stationary	4000
Sales	410000	Stock 1-1-2014	
		Raw material 30000	50000

		Finished goods 20000	
Audit fees	2000	Rent	6000
purchases	205000	Rates & taxes	3000
Purchase return	5000	Trade expenses	4000
Sales return	10000	Interest & bank charges	8000
Travelling expenses	10000	Carriage inward	9000
General expenses	1000	Bad debts provision	5000
Furniture & fittings	12000	Advertisement	6000
Trade receivable	200000	Legal charges	1000
Bad debts	2000	Profit & loss A/c (Cr.)	300000
Manufacturing wages	70000	5% debenture	500000
Share premium	50000	Debenture interest	12500
Capital reserve	60000	Debenture redemption fund	300000
Interest on investment received	10000	General reserve	200000

The following additional information are also available:

- 1) Prepaid expense – insurance Rs. 500
- 2) Outstanding (unpaid) expense –Rent Rs .1000, Salaries Rs.200 & Debenture interest for 6 Months.
- 3) Depreciation to be provided at @ 10% on plant & Machinery & Furniture & fittings.
- 4) A provision for bad & Doubtful Debts is to be created at @ 5% on sundry Debtors.
- 5) Stock on 31st December 2004 was valued at Raw material 50000 Finished goods 50000
- 6) The Board of Directors has decided to make the following appropriations:
 - 1) Provision for Taxation : Rs.30000
 - 2) Proposed Equity dividend : Rs. 150000
 - 3) Transfer to General Reserve : Rs. 120000
 - 4) Transfer to Debenture Redemption Fund: Rs.50000

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