

SARDAR PATEL UNIVERSITY
F.Y.B.B.A. (ITM) (SEMESTER: II) (NC) EXAMINATION (4 YEARS)
2016
Tuesday, 18th October
02:00 p.m To 04:00 p.m
UM02CBB104: CORPORATE ACCOUNTING-I

Total Marks: 60

- Note:** 1. Figure to the right indicate full marks of question.
 2. All questions carry equal marks.
 3. Working notes are the part of answer.

- Q-1 RAM Limited issued 100,000 Equity Shares of Rs. 10 each at a premium of Rs. 2.50 [15]
 Payable as under
 On Application Rs. 2
 On Allotment Rs. 4.50 (including Premium)
 On First Call Rs. 4
 On Final Call Rs. 2
 Application were received for 1,50,000 shares.
 Application of 1,00,000 shares were allotted shares on pro-rata basis and remaining application were refused. The excess money received on application was adjusted to sum due on allotment.
 Siya who was allotted 100 shares failed to pay allotment and first and final call money.
 Dashrath who was allotted 150 shares, failed to pay first call and final call money.
 Pass the necessary Journal entries in the books of RAM Limited.

OR

- Q-1 (A) Difference between calls in arrears and calls in advance. [05]
 (B) Deepak limited invited applications for 10,000 shares at Rs. 10 each at a discount of 5% payable as follows: [10]
 On Application Rs. 2.50
 On Allotment Rs. 3.50
 On Final Call Rs. 3.50
 All moneys were received on all the shares except the final call money on 100 shares.
 Pass the necessary Journal entries in the books of Deepak Limited.

- Q-2 (A) 1. Define the term debenture and write a note on sinking fund (DRF). [10]
 2. Types of debenture.
 (B) Parth Ltd. Company has issued Rs 1,00,000, 9% debentures at a discount of 6% on 1-4-2011. These debentures are to be redeemed equally, spread over 5 annual installments. Prepare Discount on issue of Debentures account for five years. [05]

OR

- Q-2 The following were the balances in the books of Darpan limited company as on 1st January, 2016. [15]
 Company transfers Rs. 25,000 every year to debenture redemption fund account.

Particulars	Rs.
12% Debentures	3,00,000
Debenture Redemption Fund	2,25,000
Debenture Redemption Fund 8% D.R.F. investments	2,25,000

After receiving interest on investments, company sold out the said investments at 20% profit on 31-12-2016 and debentures amounting to Rs. 2,40,000 were redeemed

at 10% premium.

Prepare the Debenture Account, Debenture-holders account, Premium on redemption of debentures account, Debenture Redemption Fund Account, Debenture Redemption Fund Investment Account.

Q-3 (A) List out the sources for issue of bonus share and provisions of section 80 of company's act 1956 for redemption of preference share. [10]

(B) Calculate the proceeds of fresh issue of 10,000 shares of Rs. 10 each made for the purpose of redemption of 2,000 preference shares of Rs. 100 each redeemable at a premium of 5%, if fresh issue is made; [05]

(I) at par, (II) at 10% discount, and (III) at 10% premium.

Also calculate the minimum transfer to capital redemption reserve to comply with the provisions of section 80 of the companies act, 1956.

OR

Q-3 The balance sheet of Dinesh limited company on 1-1-2016 was as follows: [15]

Liabilities	amount	Assets	amount
Equity share capital(Rs.100)each	2,00,000	Sundry assets	5,00,000
Preference share capital(Rs.10)each	1,00,000		
Securities premium	8,000		
General reserve	40,000		
Profit and loss account	50,000		
liabilities	1,02,000		
	5,00,000		5,00,000

Preference shares were due for immediate redemption at 10% premium. To finance redemption, investments of the book value of Rs.40,000 were sold at a profit of 25% and equity shares were issued at a premium of 20%. It was also decided to utilise free reserves to the minimum extent possible.

On 31-3-2016, it was decided to issue bonus shares in the ratio of 2 for 5.

Pass journal entries and show balance sheet after bonus issue.

Q-4 From the following trial balance of Darshan limited as on 31/03/2013 and addition information you are required to prepare the profit & loss a/c and the profit & loss appropriation a/c for the year and balance sheet on the date. [15]

Debit Balance	Rs.	Credits balance	Rs.
Shares in subsidiary	50000	Equity share capita	500000
Debenture Discount	10000	9% secured debenture(Repayable on 31-3-2017)	400000
Interest on overdraft	8600	Profit & Loss a/c	125000
Interest on debenture	20000	Creditors	45000
Income tax paid	45000	Gross profit	655000
Advance Tax	65000	Bank overdraft	48000
Plant & Machinery	450000	Provision for tax (on 1-4-13)	40000
Building	500000	Interest & dividend	8000
Furniture's	150000	Share transfer fees	1000
Debtors	45000	Debenture Redemption Reserve	80000
Closing stock	180000	General reserve	120000
Administrative expenses	226000		
Selling expenses	94000		

Preliminary expenses	12000		
Calls in arrears	10000		
Cash and bank	141400		
Store & Spare parts	15000		
	2022000		2022000

Addition information:

1. The authorized capital of the company is Rs. 10 lakhs comprising shares of Rs.10 each.
2. Depreciation is to be provided on plant & machinery at 5% and on building and furniture at 10%
3. Write off one fourth of the preliminary expenses and proportionate debenture discount.
4. The assessment up to last year is completed and provision for tax for the current year is to be made Rs.70000
5. The director have proposed 10% divided on the paid capital after the appropriation of Rs. 15000 to general reserve and Rs. 10000 to debenture redemption reserve.

OR

- Q-4 (A) Prepare specimen of horizontal balance sheet as per the company's Act 1956 with imaginary figures. [10]
- (B) Write a note on contingent liabilities with examples. [05]

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