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**SARDAR PATEL UNIVERSITY**

F.Y.B.Com – Hon. (IA) Examination, Semester – II

Monday, 26<sup>th</sup> March 2018

Corporate Accounting (UB02ECOH01)

Time: 10:00 A.M. To 12:00 PM

Total Marks: 60

Q-1(A) Discuss the provisions relating to redemption of preference shares and state the sources of issuing bonus shares. (07)

Q-1(B) A company wants to redeem its 10,000 12% Redeemable preference shares of Rs. 100 each (Rs. 80 paid up) at 10% premium. The ledger accounts shows following balances. (08)

Rs.

Security premium	1,20,000
Bank Balance	3,00,000
Profit and Loss A/c	2,00,000

The director redeemed the preference shares by making necessary fresh issue of equity shares of Rs. 10 each at par.

Give journal entries.

OR

Q-1 The Balance sheet of MN Limited as on 31<sup>st</sup> March 2017 was as under; (15)

Liabilities	Rs.	Assets	Rs.
20,000 Equity Shares of Rs. 10 each fully paid	2,00,000	Land & Building	1,00,000
15,000, 6% Redeemable Preference Shares each of Rs. 10 (Rs. 8 paid up)	1,20,000	Plant & Machinery	90,000
Profit & Loss Account	40,000	Furniture	50,000
General Reserve	30,000	Stock	20,000
Share premium	20,000	Debtors	70,000
Sundry Creditors	55,000	Bills Receivables	30,000
Bills Payable	25,000	Bank Balance	70,000
	4,90,000		4,90,000

Under the terms of redemption of, Redeemable Preference Shares were to be redeemed at a premium of 10%. For the purpose of redemption necessary number of share equity shares of Rs. 10 each to be issued at par.

On 1<sup>st</sup> April, 2017 necessary number of equity share were issued and redeemed the preference share. Bonus issue of one equity share for every 10 equity shares was made on that date.

Pass necessary journal entries in respect of above transactions and prepare new Balance Sheet.

(1)

(P.T.O.)

- Q-2 (A) A Company issued 1,00,000 12% Debentures of Rs. 100 each at 5% discount on April 1, 2013 redeemable after 10 years. The discount on debentures was written off in a suitable proportion. Prepare Debenture discount A/c and give entries for 4 years and show the necessary calculation. (08)
- Q-2(B) Explain the methods of redemption of Debenture. (07)

OR

- Q-2 The books of Shriman Ltd. Shows the following balances on 31-03-2017. (15)

12% Mortgage Debentures	Rs. 5,00,000
Debenture Redemption Fund	Rs. 5,41,000
10% Gujarat Govt. Loan purchased at par	Rs. 2,64,000
9% National defense Bonds (FV Rs. 2,80,000)	Rs. 2,71,000

On 31-3-2017, 10% Gujarat Govt. loan and 9% National Defense bonds were sold at Rs. 110 and Rs. 98 respectively and on the same date debentures were redeemed at Rs. 105 Rs. Prepare necessary Accounts.

- Q-3(A) What is Ratio Analysis? Discuss advantages and disadvantages of Ratio analysis. (10)
- Q-3(B) Write note on: Liquidity Ratios (05)

OR

- Q-3 Following is the Balance sheet of X Limited. (amount in Rs.) (15)

Liabilities	2015-16	2016-17	Assets	2015-16	2016-17
Equity Share Capital	4,00,000	4,00,000	Land & Building	3,50,000	3,20,000
General Reserve	50,000	56,000	Machinery	50,000	90,000
15% Debentures	1,00,000	1,50,000	Stock	50,000	75,000
Creditors	12,000	14,000	Debtors	1,20,000	1,25,000
Bills Payable	8,000	10,000	Bills Receivables	10,000	15,000
Provident Fund	10,000	15,000	Cash on hand	20,000	25,000
Bank Overdraft	20,000	15,000			
	6,00,000	6,50,000		6,00,000	6,50,000

Additional Information:

	2015-16	2016-17
Total Sales(60% Credit Sales)	8,00,000	8,25,000
Gross Profit	2,90,000	3,50,000
Net Profit Before Interest & Tax @ 40%	2,35,000	2,65,000
Stock as on 1 <sup>st</sup> April 2015	30,000	---

Calculate: 1) Net Profit Ratio 2) Current Ratio 3) Liquid ratio 4) Stock turnover ratio  
5) Debtors ratio (360 days) 6) Return of capital employed.

(2)

- Q-4 Give the pro-forma of Balance sheet and Profit and Loss A/c along with following notes; (15)
- 1) Share Capital
  - 2) Fixed Asset
  - 3) Reserves and Surplus

OR

- Q-4 From the following ledger balances of Sunshine Co. Ltd., prepare a Vertical Balance Sheet with necessary notes of the company as on 31st March 2017 as per the Companies Act. (15)

Particulars	Rs.	Particulars	Rs.
Equity Share Capital	26,00,000	Advanced to employees	1,50,000
General Reserve	30,000	Debenture discount	12,500
12% Debenture	4,00,000	Tools and equipment	3,75,000
Land & Building	15,54,970	Gratuity fund	3,00,000
Goodwill	10,00,000	Debtors	1,38,520
Bank Overdraft	2,45,100	Cash at Bank	1,57,160
Proposed Dividend	82,000	Stores and spares	1,77,800
Prepaid insurance	25,000	Profit and loss a/c (cr)	21,490
Mutual Fund	1,68,000	Bills receivables	44,600
Outstanding Interest	32,400	Sundry creditors	92,560

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