

(A-1) Seat NO: \_\_\_\_\_

**SARDAR PATEL UNIVERSITY**  
**BBA (SEMESTER II) (NC) EXAMINATION**  
**(2010 Batch)**

No. of Printed Pages: 03

**Corporate Accounting – I**  
**(UM02CBBA02/07)**

Date: ~~May~~ day, 2<sup>nd</sup> May, 2016  
Time: 10:30 to 12:30 pm

Note: Figure in the right indicates mark.

Total Marks: 60

Q-1 [A]	Short Note on: Types of Share Capital	(05)																
[B]	Discuss Provision relating to issue of shares discount and premium.	(10)																
<u>OR</u>																		
Q-1	<p>Manika Ltd. Issued 30,000 equity shares for public subscription at Rs. 10 each at a premium of Rs. 2 per share, payable as follows:</p> <table><tr><td>On Application</td><td>Rs. 2 per share</td></tr><tr><td>On Allotment</td><td>Rs. 5 (including premium)</td></tr><tr><td>On First Call</td><td>Rs. 2 per share</td></tr><tr><td>On Final Call</td><td>Rs. 3 per share</td></tr></table> <p>Application were received for 50,000 shares. Allotment was made pro rata to the applicant for 40,000 shares and the remaining applicants were rejected. Money overpaid on application was applied towards sum due on allotment.</p> <p>Kanika, a holder of 1,500 shares, failed to pay the allotment money and Anika, a holder of 1,600 shares, failed to pay the two calls. Show journal entries in the books of the company to record above transactions.</p>	On Application	Rs. 2 per share	On Allotment	Rs. 5 (including premium)	On First Call	Rs. 2 per share	On Final Call	Rs. 3 per share	(15)								
On Application	Rs. 2 per share																	
On Allotment	Rs. 5 (including premium)																	
On First Call	Rs. 2 per share																	
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Q-2	<p>Following were the balances in the books of HMP limited on 31<sup>st</sup> March, 2014.</p> <table><tr><td>8% mortgage debentures</td><td>10,00,000</td></tr><tr><td>Interest received on debenture redemption fund investment</td><td>30,000</td></tr><tr><td>Discount on issue of debentures</td><td>40,000</td></tr><tr><td>Debenture redemption fund</td><td>7,20,000</td></tr><tr><td colspan="2"><b>Debenture redemption investments:</b></td></tr><tr><td>9% Central govt. loan (purchase at par)</td><td>2,40,000</td></tr><tr><td>11 % National Defense Bonds (face value Rs.5,00,000)</td><td><u>4,80,000</u></td></tr><tr><td></td><td>7,20,000</td></tr></table> <p>On the same day the investments were sold as follows: Central govt. loan at Rs.105 and National Defense Bonds at Rs.95 On the 1<sup>st</sup> April 2014, the debentures of Rs. 7,00,000 were redeemed at a premium of 5%. On the same day Gujarat Govt. loan of Rs.2,40,000 were purchased at 5% premium. Annual contribution for redemption of debentures was Rs.1,20,000. Pass journal entries in the books of the company to record the above transactions. Show your working.</p>	8% mortgage debentures	10,00,000	Interest received on debenture redemption fund investment	30,000	Discount on issue of debentures	40,000	Debenture redemption fund	7,20,000	<b>Debenture redemption investments:</b>		9% Central govt. loan (purchase at par)	2,40,000	11 % National Defense Bonds (face value Rs.5,00,000)	<u>4,80,000</u>		7,20,000	(15)
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	7,20,000																	
<u>OR</u>																		
Q-2 [A]	Give meaning of Debentures and discuss types of Debentures.	(10)																

[B]	Radha Ltd. Issued 10%, 6000 Debentures of Rs.100 each at a discount of 5½% on 1-1-2011. These debentures are redeemable as follows: On 31-12-2011 Rs. 1,20,000 On 31-12-2012 Rs. 1,80,000 On 31-12-2013 Rs. 90,000 On 31-12-2014 Rs. 1,50,000 On 31-12-2015 Rs. 60,000 Prepare the Debenture Discount A/c for the period of duration of the debentures.	(05)																																								
Q-3 [A]	VIP 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 2 fully paid equity shares for each of 5 shares held as bonus.  The balance as on 31 <sup>st</sup> December, 2015 is given below: <table><tr><td>Share capital (Rs.100) Rs. 80 paid up</td><td>4,00,000</td></tr><tr><td>General reserve</td><td>1,50,000</td></tr><tr><td>Capital redemption reserve</td><td>2,00,000</td></tr><tr><td>Share premium</td><td>40,000</td></tr></table> Pass necessary entries in the books of company.	Share capital (Rs.100) Rs. 80 paid up	4,00,000	General reserve	1,50,000	Capital redemption reserve	2,00,000	Share premium	40,000	(07)																																
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[B]	Give meaning of Bonus Shares. Write down the sources available for issuing Bonus Shares with Performa journal entries of issuing fully paid bonus share.	(08)																																								
<b>OR</b>																																										
Q-3	The Balance sheet of Mukesh Ltd as on 31.12.2015. <div style="text-align: center;"><b>Balance Sheet</b></div> <table><tr><th>Liabilities</th><th>Rs.</th><th>Assets</th><th>Rs.</th></tr><tr><td>6000 Equity Shares of Rs.100 each fully paid</td><td>6,00,000</td><td>Land and Building</td><td>7,00,000</td></tr><tr><td>2000, 9% Redeemable pref. Shares of Rs.100 each full paid</td><td>2,00,000</td><td>Plant &amp; Machinery</td><td>2,00,000</td></tr><tr><td>2000, 7% Red. Pref. Shares of Rs.100 each, Rs.80 per Share Paid up</td><td>1,60,000</td><td>Investments</td><td>1,50,000</td></tr><tr><td>Shares Premium</td><td>40,000</td><td>Stock</td><td>1,20,000</td></tr><tr><td>General Reserve</td><td>2,00,000</td><td>Debtors</td><td>2,80,000</td></tr><tr><td>Profit &amp; Loss Account</td><td>1,00,000</td><td>Cash balance</td><td>1,50,000</td></tr><tr><td>10% Debentures</td><td>1,00,000</td><td></td><td></td></tr><tr><td>Creditors</td><td>2,00,000</td><td></td><td></td></tr><tr><td></td><td><b>16,00,000</b></td><td></td><td><b>16,00,000</b></td></tr></table> <p>On this date, the company decided to redeem both the classes of preference shares at 10% premium after complying with the provision laid down under Sec. 80 of the Companies Act 1956 and also decided to redeem 10% Debentures at 3% premium.</p> <p>For this purpose necessary number of equity shares of Rs.100 each is issued at par. Cash balance of Rs.7,000 is to be maintained in the business. All investments are sold away for Rs.1,60,000. All the Preference Shareholders are paid in full.</p> <p>The company then decided to utilize the resultant reserve created out of redcmption of preference shares for issuing fully paid Bonus share to its Equity Shareholders. Pass necessary journal entries and prepare revised Balance Sheet.</p>	Liabilities	Rs.	Assets	Rs.	6000 Equity Shares of Rs.100 each fully paid	6,00,000	Land and Building	7,00,000	2000, 9% Redeemable pref. Shares of Rs.100 each full paid	2,00,000	Plant & Machinery	2,00,000	2000, 7% Red. Pref. Shares of Rs.100 each, Rs.80 per Share Paid up	1,60,000	Investments	1,50,000	Shares Premium	40,000	Stock	1,20,000	General Reserve	2,00,000	Debtors	2,80,000	Profit & Loss Account	1,00,000	Cash balance	1,50,000	10% Debentures	1,00,000			Creditors	2,00,000				<b>16,00,000</b>		<b>16,00,000</b>	(15)
Liabilities	Rs.	Assets	Rs.																																							
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**Q-4** Give detailed Performa of Trading Account, Profit & Loss account, Profit & Loss Appropriation Account & Balance Sheet (Horizontal) in accordance with the provisions of a Companies act, 1956 with imaginary figures. (15)

**OR**

**Q-4** Komal Limited had the following Trial Balance as on 31-3-2014 (15)

Debit balances		Credit balances	
	Rs.		Rs.
Factory	5,00,000	10% Pref. Capital	4,00,000
Railway Sidings	3,00,000	Equity Share Capital	5,00,000
Livestock	2,50,000	Capital Reserve	10,000
Salaries	60,000	General Reserve	50,000
Rent & Taxes	40,000	Provident Fund	20,000
Postage & Telegrams	20,000	15% Debenture	
P.F. Contribution	2,000	(Redemable on 31-3-2023)	3,00,000
Adjusted Purchases	3,08,000	Sales	6,00,000
Closing Stock	40,000	Public Deposit	40,000
Debenture Red. Fund-Investments	1,00,000	Interest on Investments	14,000
Equity shares of "Harini" Ltd.: each of Rs.10 on which Rs.8 paid up	40,000	Debenture Red. Fund	1,00,000
Debtors	70,000	Bad debts Reserve	6,000
Cash at Bank	1,00,000	Creditors	60,000
Loose tools	1,90,000	Sundry income	50,000
Custom deposit	1,00,000		
Discount on debentures	10,000		
Income tax	20,000		
	<b>21,50,000</b>		<b>21,50,000</b>

You are required to prepare the Final Accounts of the Company for the year ended 31<sup>st</sup> March 2014 as per the requirements of Company Act, 1956 after considering the following additional information:

1. Prepaid rent is Rs.4,000.
2. Depreciate factory building @ 10%.
3. Due to change in the stock valuation method, stock valued at Rs.35,000. No effect relating to this has been given so far.
4. Provide 5% B.D.R. on debtors.
5. Interest on investments includes Rs.4,000 of interest on debenture redemption fund investments.
6. Amount of Rs.10,000 to be transferred to General Reserve.
7. Authorized Capital of the Company is Rs.20,00,000.
8. Board of Directors has recommended 10% dividend on both equity share capital and preference capital.

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