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SARDAR PATEL UNIVERSITY**B.B.A (ISM) II (Semester) Examination (NC)****18th OCTOBER 2016 (Tuesday)****02.00 pm to 04.00 pm****Total Marks: 60.****UMO2CBBS05 Corporate Accounting**

Q-1 Baroda Company issued a prospectus inviting applications for 20000 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 30000 shares and allotment made pro-rata to the applications of 24000 shares and the remaining applications were refused and the amount was refunded. Money over-paid on applications was to be transferred to Allotment Account.

Pratik, to whom 800 shares were allotted, failed to pay the allotment money and Nikul, to whom 1000 shares were allotted, failed to pay the two calls.

Pass necessary journal entries in the books of the company.

OR

Q-1 Ram Company issued 3,00,000 Equity Shares of Rs. 10 each payable as under: **15**

On application - Rs. 5 per share, On allotment - Rs. 3 per share (including Rs. 0.50 premium), On First & Final Call - Rs. 2.50 per share.

Applications were received for 5, 00,000 shares. It was decided to allot shares as follows.

(A) Applications for 70,000 shares were rejected, (B) Full allotment was made to applicants of 40,000 shares, (C) The balance was allotted pro rata to the remaining applicants, (D) The excess application money was to be credited to allotment money.

One applicant who was allotted shares pro-rata, failed to pay call money on his 200 shares. Record the necessary journal entries in the books of the company to record above transactions. Also prepare Share Capital Account and Bank Account.

Q-2 (A) 1. What is the meaning of debenture? Explain the types of debentures in detail. 08

2. Write a short note on: Debenture Redemption Fund.

(B) 1. A Company issue 8,000, 12% Debentures of RS.100 each at a discount of 5%, to be redeemed at a premium of 5%. Give journal entries. 07

2. A Company issue 10,000, 10% debentures of Rs. 100 each at par, to be redeemed at a premium of 5% after 10 years. Give journal entries.

OR

Q-2

On 31st march 2004, the following balances stood in the Rahul limited.

15

| | |
|---|--------|
| 8% Mortgage Debentures | 500000 |
| Interest received on Debenture Redemption Fund Investment | 15000 |
| Discount on issue of Debentures | 20000 |
| Debenture Redemption Fund | 360000 |
| <u>Debenture Redemption Investments:</u> | |
| 5% Gujarat Govt. Loan (Purchase at par) | 120000 |
| 4½% National Defense Bonds (face value Rs.250000) | 240000 |

On the same day the investments were sold:

Gujarat Govt. Loan at Rs.105.

National Defense Bonds at Rs.95.

On the 1st April 2004, the debentures of Rs.350000 were redeemed at a premium of 5%. On the same day Central Govt. Loan of Rs.120000 was purchased at 5% premium. Annual contribution for Redemption of Debentures was Rs.60000.

Prepared necessary accounts in the books of company. Show your working.

Q-3

Following is the balance Sheet of Ricky ltd. as on 31-3-2003.

15

| Liabilities | Rs. | Assets | Rs. |
|--|-----------|----------------------|-----------|
| <u>Issued & Subscribed & Paid up Capital:</u> | | <u>Fixed Assets</u> | 16,50,000 |
| 10%, 5,000 Redeemable Preferences Share of Rs. 100 each, 80 paid up per share. | 4,00,000 | | |
| 1,00,000 Equity Shares of Rs 10 each | 10,00,000 | | |
| Share Premium | 30,000 | Cash & Bank Balance | 3,00,000 |
| General Reserve | 2,00,000 | Other Current Assets | 5,50,000 |
| Profit & Loss A/c | 1,20,000 | | |
| Sundry Creditors | 7,50,000 | | |
| | 25,00,000 | | 25,00,000 |

On 1-4-2002 the Redeemable Preference Shares were to be redeemed at 10% premium after complying with the all the provisions for the Companies Act. In addition the directors want to maintain the credit balance of Rs 100000 in the Profit & Loss A/C even after the redemption of preference shares. Only required numbers of 7% Cumulative Preference Shares of Rs 100 each have to be issued for cash at par.

After the redemption of preference shares the company issued bonus shares to equity shareholders in the ratio of one share for every five shares held.

Write Journal entries to record above transactions in the books of a company and prepare new balance sheet after redemption.

OR

Q-3 (A) On 31st March, 1999 the Balance sheet of Sonal Ltd. is as under:

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| Liabilities | Rs | Assets | Rs |
|---|-----------|-------------------|-----------|
| <u>Issued & Subscribed & Paid up Capital:</u> | | Land & Building | 6,00,000 |
| 70,000 Equity shares of Rs 10 each fully paid | 7,00,000 | Plant & Machinery | 4,00,000 |
| 3,000 redeemable preference share of Rs 100 each fully paid | 3,00,000 | Investments | 1,00,000 |
| | | Stock | 1,50,000 |
| General Reserve | 1,50,000 | Debtors | 1,20,000 |
| Profit & Loss A/c | 30,000 | Cash Balance | 10,000 |
| Current Liabilities | 2,00,000 | | |
| | 13,80,000 | | 13,80,000 |

On this date company decided to redeem the preference share at 5% premium as per sec 80 of Companies Act. For this purpose company issued 23000 Equity share of Rs. 10 each are issued at par. All the investments are sold away at 10% discount and redeemable preference shareholders are paid in full.

Pass necessary journal entries in the books of a Co. and prepare New Balance sheet.

(B) Write a short note on: Bonus Share.

03

Q-4

The following is the Trial Balance of Rutul Ltd. as on 31-03-2008.

15

| Particulars | Dr Rs. | Particulars | Cr.Rs. |
|-----------------------------|---------|--------------------------|---------|
| Opening Stock | 400000 | Equity Share each Rs.100 | 800000 |
| Furniture | 70000 | Sales | 1306000 |
| Debtors | 120000 | 8% Debentures | 80000 |
| Loose Tools | 40000 | Purchase Return | 8000 |
| Wages | 30000 | Debenture | |
| Salaries | 110000 | Redemption Fund | 60000 |
| Interest on Debentures | 3200 | Provident Fund | 36000 |
| Directors Fees | 12000 | Capital Reserve | 42000 |
| Income Tax | 56000 | General Reserve | 70000 |
| Purchases | 408000 | Creditors | 90000 |
| Land and Building | 700000 | Bills Payable | 19200 |
| Sales return | 6000 | Profit & Loss A/c | 16000 |
| Plant and Machinery | 200000 | Bank Loan | 60000 |
| Preliminary Expenses | 20000 | Income From Investments | 20000 |
| Investments | 140000 | Public Deposit | 30000 |
| Rent | 50000 | | |
| Postage and Telegram | 6000 | | |
| Goodwill | 100000 | | |
| Deb. Red. Fund Investment | 60000 | | |
| Provident Fund Contribution | 6000 | | |
| Cash Balance | 100000 | | |
| | 2637200 | | 2637200 |

(P.T.O.)

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You are required to prepare the Final Accounts of the Company for the year ended 31st march 2008 accordingly to the requirement to the Company Act, 1956 after taking into account the following additional information.

Additional Information:

- (1) The stock at the end was Rs.360000.
- (2) Reserve for bad debts on debtors to be maintained at 10%.
- (3) 40% preliminary expenses written off.
- (4) An amount of Rs.50000 to be transferred to general reserve.
- (5) Depreciate plant and Machinery at 4% and Furniture and land building at 10%.
- (6) Prepaid Rent amount Rs.2000.
- (7) Outstanding expenses - Salaries Rs.4000 and wages Rs.6000.
- (8) The Directors of the Company recommend 12% dividend of Equity Share Capital.
- (9) The authorized share Capital of the Co-amounted to be Rs.2000000.

OR

Q-4 (A) Explain each of the following terms with at least three Illustrations: **10**

- (a) Fixed Assets (b) Contingent Liabilities (c) Reserve and Surplus (d) Secured Loan
(e) Fictitious Assets.

(B) How will you show the following items in the final accounts of a company? **05**

1. Share Transfer Fees 2. Calls in Arrears 3. Goodwill 4. Interim Dividend 5. Preliminary Expenses not written off 6. Bank Overdraft 7. IDBI Bonds 8. Share Forfeiture 9. Share Premium 10. Staff Provident Fund.

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