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Sardar Patel University
FY BBA (ITM) 2nd SEM (CBCS)
Corporate Accounting-I (UM02CBB105)
Saturday, 2nd APRIL 2016
Time: 02.30 PM TO 04.30 P.M.

Total Marks 60

- Q:1 (a) On 1-1-2001 Ankit ltd. Issued 1,000 10% debentures at 100 each at a discount of 5% with a condition that these are repayable after 10 years at a 10% premium. Write down the journal entries for issue & redemption of debenture in the books of Ankit company. (05)

- Q:1 (b) Archana company issues 14% debentures of Rs. 1, 35,000 on 1-1-2010 with a condition that they should be redeemed by setting aside at the end of every year Rs. 30,000 out of profit, investing the amount in 10% Govt. securities. The interest received at the end of year should be invested in the same securities. (10)

Securities were sold off on 30-6-2014 for Rs. 1, 40,000 and the debentures were paid off.

Show the debenture redemption fund account and debenture redemption fund investment account.

OR

- Q:1 (a) Define the term Debenture and discuss its types. (05)

- Q:1 (b) Anjali co. Ltd. Issued 12%, 4,000 debentures of Rs. 100 each at a discount of 5.5 % on 1-1-2005. These debentures are redeemable as follows: (10)

	Rs.
On 31-12-2005	80,000
On 31-12-2006	1,20,000
On 31-12-2007	60,000
On 31-12-2008	1,00,000
On 31-12-2009	40,000

Prepare debenture discount account with the help of above information.

- Q:2 (a) The following balances are available in the books of Arti ltd. As on 31-3-2010. (07)

Equity share capital (2000 shares of Rs. 100 each)	2,00,000
Redeemable pref. share capital (1000 share Rs. 100 each, Rs. 75 paid up)	75,000
General reserve	60,000
Share premium	25,000
Bank balance	2,00,000

The company decides to redeem the pref shares at 5% premium after complying with legal provisions. Write necessary entries for the issue of new shares and capital redeemed.

- Q:2 (b) Aryan ltd. Declared a bonus to make its partly paid shares as fully paid shares out of general reserves. Then, share premium and capital redemption reserve account were utilized to issued three fully paid equity share for each five shares held as bonus. The balances as on 31-12-2013 are given below: (08)

Particulars	Rs.
Share capital of Rs. 10 each, Rs. 8 paid up	8,00,000

General reserve	4,00,000
Share premium	3,00,000
Capital redemption reserve	3,00,000

Pass necessary journal entries for recording above transactions in the books of company.

OR

- Q:2 (a) Explain provisions of companies Act for redemption of preference shares. (07)
 Q:2 (b) Enlist the various sources of Bonus shares and briefly explain Guideline for issue of it. (08)

- Q:3 Draw specimen of Balance sheet in vertical form as per revised schedule VI with its necessary notes. (15)

OR

- Q:3 The following is Trial Balance of Alkesh Ltd. As on 1-4-2014

Debit Balances	Rs.	Credit Balances	Rs.
Equity calls in arrears	10,000	7% preference share	1,00,000
Opening stock	33,300	Equity share capital	2,00,000
Purchase	1,06,500	Share forfeiture	4,500
Land & Building	1,70,000	Share premium	16,500
Plant & Machinery	1,15,000	Capital reserve	55,000
Preliminary exp.	6,000	General reserve	90,000
Furniture	32,000	Provided fund	13,000
Investment	1,65,700	5% debenture	50,000
Loose tools	12,000	Sales	2,60,000
Debtors	66,000	Creditors	33,000
Productive wages	35,200	P& L A/C	5,500
Debenture redemption fund investment	20,000	Bank loan	25,400
Salaries	57,000	Public deposit	14,600
Rent & taxes	20,000	Income from investment	9,500
Directors fess	3,500	Sinking fund	20,000
Postage & telephone	6,500	Bed debt reserve	3,000
Contribution to P.F	2,500		
Cash	10,800		
Income tax	28,000		
	9,00,000		9,00,000

Additional Information :

- Closing stock Rs. 95,400
 - Provide B.D.R up to 5% on debtors
 - Prepaid rent Rs. 2,000
 - Provide Depreciation on Furniture 5%, plant & machinery 2% and land & building 4%.
 - Unpaid expenses are productive wages Rs. 2,500
 - Transfer Rs. 25,000 to General reserve
 - Dividend is recommended at 7.5% on preference share capital and 10% on equity share capital.
 - Authorized capital is Rs. 5,00,000
- Prepare Trading A/C, Profit & Loss A/C, Profit & Loss appropriation A/C & Balance sheet of Alkesh ltd. On 31-3-2015 as per companies act 1956 .

Q:4

The following are the Balance sheets of Akash Ltd.:

(15)

Liabilities	2013	2014	Assets	2013	2014
Equity Share Capital	3,00,000	4,00,000	Fixed Assets	6,20,000	7,10,000
10% Preference Share Capital	1,00,000	1,00,000	Stock	1,50,000	1,30,000
Retain earnings	1,24,000	1,10,000	Debtors	1,10,000	1,25,500
10% Debentures	2,00,000	2,00,000	Bills receivable	15,000	25,000
Creditors	1,20,000	90,000	Cash	5,000	10,000
Bills payable	26,000	40,000	Preliminary expense	20,000	10,000
Bank overdraft	50,000	70,000			
	9,20,000	10,10,000		9,20,000	10,10,000

Additional Information:

Particulars	2013	2014
Total Sales (Cash sales are $\frac{1}{5}^{\text{th}}$ of credit sales)	9,60,000	12,00,000
Gross profit	2,40,000	3,60,000
Net profit (before interest and tax)	1,64,000	2,60,000
Tax Rate	50%	50%
Stock as on 1-1-2013 was Rs.1,30,000		

From the above information calculate ratios and interpret them.

(1) Gross profit ratio

(2) Net profit ratio

(3) Debtors ratio (360 days to be taken)

(4) Liquid ratio

(5) Return on capital employed

(6) Stock turn over

OR

Q:4 (a) Define the term Ratio and Discuss its utility.

(08)

Q:4 (b) (1) From the following calculate EPS

(07)

Particulars	2014	2015
Net profit after interest & tax	30,000	35,000
Preference dividend	5,000	5,000
No. of equity shares	1,000	1,500

(2) The sales of Ami Ltd. is Rs. 17,00,000, Gross Profit 80,000, closing stock is Rs. 4,20,000 & the opening stock is Rs. 2,60,000. Calculate stock turnover ratio.

***** ALL THE BEST *****