

Enrollment No: \_\_\_\_\_ Exam Seat No: \_\_\_\_\_

# C.U.SHAH UNIVERSITY

## Winter Examination-2015

Subject Name : Corporate Accounting-I

Subject Code : 4CO03CAC1

Branch : B.Com. (English)

Semester : 3      Date : 5/ 12/ 2015      Time : 2:30 To 5:30      Marks : 70

Instructions:

- (1) Use of Programmable calculator & any other electronic instrument is prohibited.
- (2) Instructions written on main answer book are strictly to be obeyed.
- (3) Draw neat diagrams and figures (if necessary) at right places.
- (4) Assume suitable data if needed.

- Q-1      Attempt the following questions:      (14)**
- a)** Right shares means such shares which we are issued      1
- (a) To directories of the company      (b) To debenture holders
- (c) To present shareholders      (d) To new company
- b)** Bonus to existing shareholders is paid to them      1
- (a) in cash      (b) in the form of debenture
- (c) in the form of shares      (d) None
- c)** A Ltd. issued 6000 equity shares of Rs.10 each at discount of 10% in order to      1
- redeem redeemable preference shares of Rs.2,00,000 then the amount to be
- transferred to capital redemption reserve A/c will be
- (a) 1,40,000      (b) 1,46,000
- (c) 54,000      (d) 1,34,000
- d)** If preference shares are redeemed at a premium, provision for premium amount is      1
- made from
- (a) Securities premium A/c
- (b) Amount received from issue of new shares
- (c) Forfeited share A/c
- (d) Profit on sale of investment
- e)** Bank overdraft is shown under the following head in the balance sheet.      1
- (a) Secured Lone      (b) Current liabilities & provision
- (c) Unsecured Loan      (d) Deducted from forfeited shares A/c
- f)** In balance sheet the amount of call in-arrears will be shown as      1
- (a) deducted from the called-up share capital
- (b) under the head Reserve & surplus
- (c) deducted from capital reserve
- (d) deducted from forfeited shares A/c
- g)** Reserve capital is .....      1



- (a) capital not issued (b) a type of reserve fund  
(c) capital not called (d) None
- h)** Which of the following is considered unsecured creditors? 1  
(a) Employees provident fund (b) unpaid taxes of local government  
(c) outstanding expenses (d) None
- i)** Which of the following amount is not included in preferential creditors? 1  
(a) Provision Fund (b) Taxes of Government  
(c) Bills payable (d) None
- j)** By closing underwriting commission A/c in company's book on which account the balance is to be carry forward? 1  
(a) To bank A/c (b) To profit & loss A/c  
(c) To reserve A/c (d) To underwriters A/c
- k)** The title of Indian Accounting Standard No.11 is ..... 1  
(a) Accounting for the effect of changes in foreign exchange rate  
(b) Accounting for foreign currency conversion  
(c) Accounting for international Exchange rate  
(d) Accounting for foreign branches
- l)** As per SEBI's guidelines, to whom a copy of underwriting contract is to be given? 1  
(a) Stock exchange (b) Company  
(c) shareholders (d) debenture holders
- m)** Which Indian Accounting Standard describe "Accounting for investments"? 1  
(a) IAS No. 14 (b) IAS No. 11  
(c) IAS No. 15 (d) IAS No. 13
- n)** The title of Indian Accounting Standard No.12 is ..... 1  
(a) Government Accounts (b) Accounts of Government Assets  
(c) Non-Governmental Incomes (d) Accounting for Government grants

**Q-2**

**Attempt all questions**

**(14)**

- a.** Balance Sheet of X Co. Ltd as on 31-3-2015 is as follows:

**7**

| Liabilities                         | Rs.       | Assets         | Rs.       |
|-------------------------------------|-----------|----------------|-----------|
| 80,000 equity shares each of Rs. 10 | 8,00,000  | Fixed assets   | 12,00,000 |
| Capital Redemption Reserve          | 1,50,000  | Current assets | 6,80,000  |
| Security premium                    | 1,50,000  |                |           |
| Development Rebate Reserve          | 2,30,000  |                |           |
| Investment Reserve                  | 2,50,000  |                |           |
| General Reserve                     | 3,00,000  |                |           |
|                                     | 18,80,000 |                | 18,80,000 |

The company wanted to issue bonus shares to his shareholders on one for two basis. Pass necessary journal entries in the books of X Ltd, and prepare Balance sheet after issue of bonus shares.

- b.** State the advantages and disadvantages of bonus share.

**7**



Q-3

**Attempt all questions**

(14)

a. Balance Sheet of A Co. Ltd as on 31-3-2015 is as under:

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| Liabilities   | Rs.       | Assets         | Rs.       |
|---|-----------|----------------|-----------|
| 1,20,000 equity shares each of Rs. 10                             | 12,00,000 | Fixed assets   | 15,20,000 |
| 5000 15% redeemable preference shares of Rs. 100 each Rs. 90 paid |           | Investment     | 2,75,000  |
| General Reserve   | 4,50,000  | Bank Balance   | 2,00,000  |
| Security premium  | 2,25,000  | Current assets | 2,25,000  |
| Profit & Loss A/c   | 30,000    |                |           |
| Creditors   | 1,40,000  |                |           |
|   | 1,75,000  |                |           |
|   | 22,20,000 |                | 22,20,000 |

Redeemable preference shares are to be redeemed at 10% premium after making necessary provisions as per companies Act. New bank balance in the business is to be retained as Rs. 1, 70,000. All investments were sold at Rs. 2, 50,000. The company has decided to issue Equity shares of Rs.100 each at 10% premium in adequate number. The share issue is fully subscribed.

Write journal entries in the books of A Co. Ltd.

b. Explain the duties of liquidator.

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Q-4

**Attempt all questions**

(14)

a. D Ltd. went in to voluntary liquidation on 31-3-15. The balances in its books were as under:

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| Liabilities  | Rs.       | Assets              | Rs.       |
|--|-----------|---------------------|-----------|
| 2500 Equity shares each of Rs. 100                   | 2,50,000  | Land & Building     | 3,00,000  |
| 5000 6% preference shares of Rs. 100 each fully paid |           | Machinery & Plants  | 6,00,000  |
| 7500 Equity shares of Rs. 100 each Rs. 60 paid       | 5,00,000  | Patents             | 1,25,000  |
| 5% Mortgaged Debentures                              | 4,50,000  | Stock               | 1,50,000  |
| Interest Outstanding                                 | 2,50,000  | Debtors             | 2,25,000  |
| Creditors  | 12,500    | Cash                | 75,000    |
|  | 3,62,500  | Profit and Loss A/c | 3,50,000  |
|  | 18,25,000 |                     | 18,25,000 |

The liquidators is entitled to a commission of 3% on all assets realized except cash and 2% on amount distributed to unsecured creditors other than preferential creditors. The assets realized as follows:

|                 |               |           |              |
|-----------------|---------------|-----------|--------------|
| Land & Building | Rs. 5, 00,000 | Machinery | Rs. 4,00,000 |
| Patents         | Rs. 80,000    | Stock     | Rs. 1,25,000 |
| Debtors         | Rs. 2,25,000  |           |              |

The expenses of liquidation amounted to Rs. 30,000.

Creditors include preferential creditors of Rs. 37,500 and a loan of Rs. 1,25,000 secured by a mortgage land and buildings. The preference dividend were in



arrears for two years.

Prepare the liquidator's final statement of Accounts.

**Q-5**

- b. Which disclosure should be made as per Accounting Standard No. 13?

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(14)  
14

**Attempt all questions**

- a. The following is the trial balance of RK Ltd. as on 31-3-2015:

| Debit balances          | Rs.         | Credit balances     | Rs.         |
|-------------------------|-------------|---------------------|-------------|
| Debenture interest paid | 1,80,000    | Bad Debts Reserve   | 35,000      |
| Bad Debts               | 21,100      | General Reserve     | 2,50,000    |
| Salaries                | 2,02,250    | Sales               | 41,50,000   |
| General Expenses        | 68,350      | Creditors           | 4,00,000    |
| Wages                   | 9,79,800    | Bills payable       | 3,70,000    |
| Preliminary Expenses    | 50,000      | Profit and Loss A/c | 2,62,500    |
| Purchases               | 18,50,000   | 12% Debentures      | 30,00,000   |
| Interim Dividend paid   | 3,92,500    | Share Capital       | 40,00,000   |
| Call in Arrears         | 75,000      |                     |             |
| Cash and Bank           | 4,06,500    |                     |             |
| Goodwill                | 2,50,000    |                     |             |
| Debtors                 | 8,70,000    |                     |             |
| Stock                   | 7,50,000    |                     |             |
| Plant                   | 33,00,000   |                     |             |
| Premises                | 30,72,000   |                     |             |
|                         | 1,24,67,500 |                     | 1,24,67,500 |

Additional Information:

- (1) Calculate depreciation @ 15% on plant.
- (2) Write off 10% from preliminary expenses.
- (3) Half year debenture interest is due.
- (4) Provide 5% Bad debts reserve on debtors.
- (5) Stock on as on 31-12-2014 was Rs. 9, 50,000.
- (6) Provide for Income tax at 50%.

Prepare vertical final accounts of the company.

**Q-6**

**Attempt all questions**

(14)  
14

- a. B Limited issued 20,000 shares of Rs.10 each. These were underwritten as follows:

X: 12,000 shares, Y: 5,000 shares, Z: 3,000 shares.

In addition to the above underwriting there was a firm underwriting as follows:

X: 1,600 shares, Y: 900 shares, Z: 2,000 shares.

Total subscriptions received by company (including firm underwriting and marked applications ) were 15,000 shares

The marked applications (excluding firm underwriting) were as follows:

X: 2,000 shares, Y: 4,000 shares, Z: 1,000 shares.

You are required to determine the liabilities of underwriting.

(A) If underwriters were not given any credit for firm underwriting.

(B) If underwriters were given credit for firm underwriting.

**Q-7**

**Attempt all questions**

(14)



- Q-8**
- a. In accounts of underwriting commission which journal entries are pass in the books of company? (write journal entries only) 7
  - b. State the Provisions and advantages of underwriting. 7
  - a. Explain the two types of Amalgamation. 7
  - b. State the short term and long term employee benefits. 7

