

Enrollment No: \_\_\_\_\_

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

# C.U.SHAH UNIVERSITY

## Winter Examination-2018

Subject Name : Company Accounts-I

Subject Code : 4CO03COA1

Branch: B.Com (English)

Semester: 3

Date: 06/12/2018

Time: 02:30 To 05:30

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) What is the meaning of fund? **(1)**
  - b) What is dividend? **(1)**
  - c) What is redeemable preference share? **(1)**
  - d) Give the names of methods of reducing share capital. **(1)**
  - e) What is capital reduction? **(1)**
  - f) State any two advantages of share underwriting. **(1)**
  - g) What is minimum subscription? **(1)**
  - h) Give the name of Accounting Standard NO. 11. **(1)**
  - i) Explain the meaning of marked applications. **(1)**
  - j) What do you mean by interim dividend? **(1)**
  - k) Give the meaning of securities premium. **(1)**
  - l) What is the name of Accounting Standard No.14? **(1)**
  - m) Explain the meaning of share underwriting agreement. **(1)**
  - n) The redeemable preference shares can be redeemed only if they are fully paid up **(1)**  
– True or False

**Attempt any four questions from Q-2 to Q-8**

- Q-2**                      **Attempt the question** **(14)**

The following is the Trial Balance of **A Ltd.** as on 31-03-2018 :

Debit Balances	Rs.	Credit Balances	Rs.
Debenture Interest paid	15,000	Share Capital	10,00,000
Calls in Arrears	50,000	General Reserve	60,000
Purchases	5,00,000	Debenture Red. Reserve	40,000
Opening Stock	80,000	10% Debentures	2,00,000
Debtors	2,00,000	Public Deposits	80,000
Telephone Deposit	30,000	Purchase Return	20,000
10% Government Loan	1,00,000	Sales	12,00,000
Land & Building	14,00,000	Creditors	30,000
Plant & Machinery	2,30,000	Unclaimed Dividend	10,000
Sales Return	25,000	Bad Debt Reserve	18,000
Salaries	50,000	Profit & Loss	



Office Expenses	20,000	Account (1-4-2017)	42,000
	<b>27,00,000</b>		<b>27,00,000</b>

**Additional Information :**

- (1) Closing stock Rs. 40,000.
- (2) Make provision for bad debt reserve at 10% on debtors.
- (3) Provide depreciation on Land & Building at 5% and Plant & Machinery at 10%.
- (4) Make provision for taxation at 50% of profit.
- (5) Proposed dividend 10% on share capital, after transferring Rs. 20,000 to General Reserve.
- (6) Provide corporate dividend tax at 20% (including surcharge and cess) on dividend.

Prepare Final Accounts as per Schedule III of Companies Act, 2013

**Q-3 Attempt all questions (14)**

- (a) **B Ltd.** has 1,000 6% Redeemable Preference Shares of Rs. 100 each fully paid. The Profit & Loss Account showed a credit balance of Rs. 70,000. The company decided to redeem the Preference Shares and for this purpose, the company issued 400 Equity Shares of Rs.100 each. These shares were fully subscribed and the full amount was received. The redemption was duly carried out. Pass necessary journal entries to record the above transactions. (7)
- (b) Which conditions must be fulfilled for redemption of redeemable preference shares? (7)

**Q-4 Attempt all questions (14)**

- (a) Describe the reasons for reduction of share capital. (7)
- (b) Discuss the methods of reduction of share capital. (7)

**Q-5 Attempt the question (14)**

The Balance Sheet of the **C Ltd.** as at 31-03-2018 was as under :

Liabilities	Rs.	Assets	Rs.
<b>Share Capital:</b>		<b>Fixed Assets:</b>	
(Authorized and issued)		Land & Building	30,000
10,000 Preference Shares		Plant & Machinery	3,50,000
of Rs. 10 each	1,00,000	Vehicles	20,000
20,000 Equity Shares of		Furniture	2,000
Rs. 10 each	2,00,000	<b>Investments</b>	15,000
General Reserve	10,000	<b>Current Assets:</b>	
Profit & Loss Account	5,000	Stock	20,000
Mortgage Debentures	1,20,000	Debtors	12,000
Creditors	15,000	Bank Balance	1,000
	<b>4,50,000</b>		<b>4,50,000</b>

A scheme for the reduction of capital, approved by the tribunal was adopted, by Which Rs. 4 per share was be written off the preference shares and Rs.6 per share off the Equity Shares. The scheme provided for the under-mentioned reduction in the assets :

- (1) Land & Building by Rs. 10,000
- (2) Plant & Machinery by Rs. 1,50,000
- (3) Vehicles by Rs.4,000
- (4) Investments by Rs. 8,000

And that the General Reserved should be extinguished, and the difference be transferred from Profit & Loss Account.

Pass necessary journal entries and prepare the Balance Sheet after giving effect to the terms of reduction scheme.



- Q-6**      **Attempt all questions**      **(14)**
- (a) **D Ltd.** issued 90,000 shares each of Rs. 10. Following three underwriters have taken responsibility as under :      **(7)**
- A: 45,000 shares, B: 30,000 shares, C: 15,000 shares.
- They have also agreed for firm underwriting for the following shares:  
A: 7,500 shares, B: 4,500 shares, C: 4,500 shares.
- The company received applications for 60,000 shares which does not include firm underwriting. Out of these, marked applications were as under for 45,000 shares.
- A: 18,000 shares, B: 15,000 shares, C: 12,000 shares.
- (1) No credit is given for firm underwriting.  
(2) 5% commission is to be paid to underwriters.
- Prepare a statement showing the liability of each underwriter.
- (b) Give journal entries in the books of **D Ltd.** from the information given in Q-6 (a).      **(7)**
- Q-7**      **Attempt all questions**      **(14)**
- (a) Explain the advantages of share underwriting.      **(7)**
- (b) Discuss the types of share underwriting agreements.      **(7)**
- Q-8**      **Attempt all questions**      **(14)**
- (a) Explain the Accounting Standard about Employee Benefits.      **(5)**
- (b) Discuss the Accounting Standard about Accounting for Government Grants.      **(5)**
- (c) Prepare Profit & Loss statement with details in accordance with Companies Act,2013      **(4)**

