## C. U. SHAH UNIVERSITY

### Winter Examination-2019

**Subject Name: Company Accounts - I** 

Subject Code: 4CO03COA1 Branch: B.Com (English)

Semester: 3 Date: 22/11/2019 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)	Securities Premium Account is Shown in the Balance sheet under the					
		head of					
		(A)Share Capital A/c (B)Reserve and Surplus					
		(C)Current Liabilities (D)Non Current Liabilities					
	<b>b</b> )	Dividends are usually paid on	1				
		(A)Authorized Capital (B)Issued Capital					
		(C)Paid up Capital (D)Reserve Capital					
	c)	Redeemable Preference Shares cannot be redeemed	1				
	,	(A)At cost price (B)At a premium (C)At a discount (D)None					
	d)	When Preference Shares are redeemed at a premium, the provision for	1				
		premium amount is made from					
		(A)Forfeited A/c (B)Securities Premium A/c					
		(C)Capital Reserve A/c (D)None of the above					
	e)						
	ĺ	contribution?					
		(A)Provident Fund (B)Leave encashment retirement benefit					
		(C)Superannuation (D)Gratuity					
	f)	Title of Indian Accounting Standard No. 12 is	1				
		(A)Governments Accounts (B)Accounts of Government Assets					
		(C)Non-Governmental Incomes (D)Accounting for Government Grants					
	g)	Out of following which section of Companies Act the procedure of	1				
	O,	accounting for amalgamation of companies is done as per Indian A.S.					
		No. 14?					
		(A)Section 221 (B)Section 321					
		(C)Section 390 (D)Section 394					
	h)	h) Credit balance of Capital Reduction Account is transferred to					
	,	(A)Capital Reserve A/c (B)General Reserve A/c					
		(C)Goodwill A/c (D)Profit & Loss A/c					
	i)	Who will sacrifice in the Capital reduction scheme?	1				
	-,	1					



	(A)Equity Shareholders	(B	Preference Sharehold	ers
	(C)Creditors	` '	)All of the above as pe	
	When Contingent Liabil	,	·	1
	(A)Goodwill A/c	. F ,	(B) Contingent Liabi	lity A/c
	(C)Bank A/c (D)Capital Reduction A/c			
)	What will be share unde	rwriters cons	- · · · ·	
,	company?	i wiiteis cons	racica from the view p	
		Promoters	(C)Regulators	(D)None
	On debenture of Rs. 500		` '	` /
	allowable is	, maximum c	infount of under writing	g commission
	(A)Rs. 12.50	(B)Rs. 25	(C)Rs. 5	(D)None
	By closing Underwriting	` '	` /	` '
,				in the barance
	will be carry forwarded	•	•	
	(A)To Share – Debenture	e A/C	(B)To Bank A/c	<b>A</b> /a
	(C)To Underwriters A/c	_1	(D)To Profit & Loss	A/C
)	preference	snares canno		
	(A)Redeemable (B)Fully paid up			
	(C)Within 5 years of the	issue	(D)Partly paid up	
	m	151		2 2017
	The following is the Tria			
	Debit Balances	Rs	Credit Balance	Rs.
	Debenture Interest paid Calls in Arrears	15,000	Share Capital General Reserve	10,00,000
	Purchases	50,000 5,00,000	Debenture Red	60,000 40,000
	Opening Stock	80,000	Reserve	40,000
	Debtors	2,00,000	10% Debenture	2,00,000
	Telephone Deposite	30,000	Public Deposits	80,000
	10% Government Loan	1,00,000	Purchase Return	20,000
	Land & Building	14,00,000	Sales	12,00,000
	Plant & Machinery	2,30,000	Creditors	30,000
	Sales Return	25,000	Unclaimed Dividend	10,000
	Salaries	50,000	Bed Debts Reserve	18,000
	Office expenses	20,000	P & L A/C (1-4-14)	42,000
	1	27,00,000	,	27,00,000
	Additional Information	, ,		27,00,000
	Additional Information			
	(1) Closing Stock Rs		4 100/ 1 1 4	
	(2) Make Provision			DI 4.0
	` '		& Building at 5% and	Plant &
	Machinery at 109		, 500/ C C':	
	(/I) Make provision	or toxotion o	t 500% at protit	

Q-2

- (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.

		The state of the s	
<b>Q-3</b>		Attempt all questions	(14
	$\mathbf{A}$	Describe Indian Accounting Standard No. 15	7
	В	Describe Indian Accounting Standard No. 13	7
<b>Q-4</b>		Attempt all questions	(14
	A	A Company decided to redeem 1000 Redeemable Preference Shares of	7



Rs 100 each at a premium of 5 percent. For the purpose, it issued 1000 Equity Shares of Rs. 100 each at a premium of 10%. All shares were subscribed and full amount was received. Give Journal entries.

**B** Short note: Advantages of Underwriting.

**Q-5** 

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# Attempt all questions A Balance sheet of Nimit Ltd. is as under on 31-3-2016:

(14) 7

Liabilities	Rs.	Assets	Rs.
Share Capital:		Goodwill	15,000
1,500 8% Pref. Shares	1,50,000	Assets 1,00,000	
of Rs. 100 each		-Depreciation <u>20,0000</u>	80,000
2,000 Equity Shares of	2,00,000	Plant & Machinery 2,00,000	
Rs. 100 each		-Depreciation <u>40,000</u>	1,60,000
Securities Premium	50,000	Patents	20,000
Creditors	20,000	Stock	5,000
		Debtors	24,200
		Preliminary Expenses	30,000
		P & L A/c	85,800
	4,20,000		4,20,000

Tribunal has sanctioned scheme for capital reduction as per following terms:

- (1) Each equity share is to be reduced by Rs. 90.
- (2) Each Preference share is to be reduced to Rs. 90.
- (3) In lieu of two year's arrears of Pref. share dividend, equity shares of Rs. 100 each should be given at 5% paid up for Rs. 100 each.
- (4) Every credit balance which is not liabilities and every debit balance which is not assets are to be written off.
- (5) Any balance remaining in capital Reduction Fund Account should be utilized to reduce fixed assets in the proportion of their book value.

Pass Journal entries and prepare Balance Sheet after implementation of scheme.

A Company decided to redeem 1000 Redeemable Preference Shares of 100 each at a premium of 5%. Assuming that the necessary amount was utilized from profit and loss Account, give journal entries.

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#### **O-6** Attempt all questions

(14) 7

A Define the meaning of Capital Reduction and reason for reducing capital.
 B What is meant by Redeemable Preference Share? Give the provision of Companies Act for redemption of these Shares.

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### Q-7 Attempt all questions

(14) 7

A Neeta Ltd. made a public issue of 10, 00,000 shares of Rs. 10 each.
Underwriters have agreed as under:

A 40%, B 30%, C 20%, D 10%

Applications received were 9,50,000 shares, which included marked applications as below :

A 4, 50,000 Shares, C 1, 60,000 Shares, D 1 00,000 Shares.

Underwriters are entitled for 5% Commission.

Prepare statement showing net liability of each underwriter and write journal entries in the books of Neeta Ltd.

**B** Jay Bharat Ltd. made a public issue of Rs. 40,000 shares at face value of



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Rs. 10 each. J.K. Underwriters has underwritten the whole issue for the commission at 4%. Company received applications for 60% shares of total shares issued. J.K. bought the remaining shares.

J.K. has made a sub contract of underwriting with R.K. for 25% shares of total issue. For that J.K. has to pay 2% commission to R.K.

J.K. sold his holding at Rs. 9 per share. The expenses of Rs. 5,000 were paid.

Prepare Underwriting A/c in the books of J.K.

<b>Q-8</b>		Attempt all questions	(14)
	A	State the provisions of companies Act relating to Capital Reduction.	7
	В	Explain the types of underwriting Agreements.	7

