B.V. Patel Institute of Business Management, Computer & Information Technology
Uka Tarsadia University
1st Internal Examination, F.Y MCOM 1st Semester
Advanced Accounting 040170108

Marks: 50

Date: 30/08/2017 **Time: 2 hrs.**

Q-1 Answer the following. (Any Eight) **[16]**

1. What is underwriting?
2. Define forfeiture of shares.
3. A company issued 20,000 fully paid up share of Rs100 each for the purchase of the following assets and liabilities from Deep Brothers.

Plant and Machinery	5,00,000
Building	50,000
Stock	15,000
Cash	10,000
Creditors	1,00,000

   Pass journal entries.
4. A company forfeits 100 shares of Rs 10 each at Rs 11 per share. The premium was payable on allotment. The shareholders has failed to pay the allotment money of Rs 2(including premium) call money of Rs 2 per share. The company decides to reissue the shares at premium at Rs 1.
   Pass journal entries for forfeiture and reissue.
5. Define preference share. Enlist types of preference share.
6. What is the meaning of share and share capital?
7. Define debenture. List types of debenture.
8. Debenture of Rs 100 issued at Rs 95 but payable at Rs 98
   Pass journal entries.
9. Debenture of Rs 100 issued at same price but redeemed at a price of Rs 115.
   Pass journal entries.

Q-2 Answer the following. (Any Two) **[20]**

1. ABC Ltd. issued a prospectus inviting applications for 20,000 shares of Rs 10 each at a premium of Rs 2 per share payable as under:
   - On application Rs 2
   - On allotment Rs 5(including premium)
   - On first call Rs 3
   - On final call Rs 2

   Applications were received for 30,000 shares and pro-rata allotment was made to the applicants for 24,000 shares. Excess money paid on allotment was made to the applications for 24,000 shares. Excess money paid on application were utilized towards allotment money.

   Mohan to whom 400 shares were allotted failed to pay the allotment money. On his subsequent failure to pay first call, his shares were forfeited.

   Suresh, the holder of 600 shares, failed to pay the two calls, and his shares were forfeited after the second call.

   Pass the journal entries.

2. What is redemption of debenture? Describe various methods for redemption of debenture.
3. A company offered 5000 equity shares of Rs 10 each at a discount of 10%, to the public for subscription.
   Money was payable as under:
   On application 4 Rs
   On allotment 3 Rs
   Balance as and when called up.
   Applications were received for 4000 shares. The final call had not yet been made. All applicants paid full amount of application and allotment.
   During the year the company makes profit of Rs 15,000. It decided to write off the discount of Rs 2000 out of the profit.
   Pass journal entries and also prepare ledgers and balance sheet

Q-3 Answer the following in detail. (Any Two) [14]

1. A company offers 10,000 shares of Rs 10 each to the public for subscription at Rs 12. Money is payable as under
   On application 3 Rs
   On allotment 4 Rs (including rs 1 premium)
   On first & final call 5 Rs (including rs 1 premium)
   Applications are received for 15,000 shares. No allotment is made to applicant of 3000 shares and their application money is refunded. Rest are allotted shares on prorate basis. All allotees pay the money due on shares. Pass the jornal entries.
2. Suman Ltd. issued 3,000 15% Debentures of Rs 100 each at Rs 110 payable as under
   On application 25 Rs
   On allotment 35 Rs (including premium)
   On first & final call 50 Rs
   The debentures were fully subscribed and the moneys were duly received. Pass the necessary journal entries.
3. Mukund & Co. forfeits for the non-payment of the share call of Rs 7 each on 100 shares of Rs 10 each , payable as to Rs 1 on application, Rs 2 on allotment and the balance after month.
   Later the forfeited shares are reissued. Give the necessary journal entries if reissue is at (i) Rs 10 (ii) Rs 8 and (iii) Rs 11.