PRESIDENCY UNIVERSITY, BENGALURU
SCHOOL OF LAW

Max Marks: 45 | Max Time: 55 Mins | Weightage: 15 % | **Set A**

TEST 1

II Semester 2016-2017 | Course: **BCL A 204 Corporate Accounting** | 27 February 2017

Instructions:

i. Write legibly
ii. Scientific and non programmable calculators are permitted

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Part A

(5 Q x 2 M= 10 Marks)

1. State any two purposes for which Share Premium received may be utilized by a Company.
2. Mention any two conditions that need to be met for a Company to issue shares at Discount.
3. What is the accounting treatment for 'Discount on Issue of Shares Account' ?
4. State any two conditions to be met for a Company to forfeit the shares already issued.
5. What is meant by 'Authorized Capital' of a Company ?

Part B

(3Q x 5 M= 15 Marks)

1. State any five differences between Equity Shares and Preference Shares.
2. What is the difference between Issued, Subscribed and Paid up Capital?
3. Distinguish between Public Limited and Private Limited Company.

Part C

(2 Q x 10 M= 20 Marks)

1. Dev Tyres Ltd. issued 200000 Equity Shares with a face value of `10 each, to be paid ` 4 on application, ` 5 on allotment inclusive of ` 2 premium and balance money on first and final call. Subscriptions were received for 320000 shares and allotment was made as follows :

	Group A	Group B	Group C
Shares Applied	200000	80000	40000
Shares Allotted (pro rata)	60%	50%	100%

Excess money received on application is retained towards allotment money due and balance if any is refunded. All amounts due against allotment is received in full. You are required to pass the necessary journal entries for application and allotment stage of the issue.

2. Axa Ltd. offered 12000 shares for public subscription. The shares with a face value of ` 10 were offered at a discount of 10%. The amount payable was ` 3 on application, `3 on allotment and balance on first and final call. Applications were received for 15000 shares and allotment was made pro rata. Excess amount received on application is retained towards allotment money due. One investor who had applied for 1000 shares failed to pay the call amount and his shares were forfeited by the company. Pass the necessary journal entries for the above transactions.

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TEST 2

IV Semester 2016-2017 Course: **BCL A 204 Corporate Accounting** 25 March 2016

Instructions:

i. Write legibly
ii. Scientific and non programmable calculators are permitted

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Part A

(5Q x 2 M = 10 Marks)

1. What are Registered Debentures?

2. Pass the appropriate journal at Application and Allotment stage, while issuing Debentures at discount.

3. State two conditions pertaining to the maximum permitted extent of Buy Back of shares.

4. What are Participating Preference Shares?

5. What is the rule for reissue of forfeited shares, when it is reissued at a discount?

Part B

(3Q x 5 M= 15 Marks)

1. Yes Ltd. issued shares of ₹10 each for ₹ 16 payable ₹4 on Application, ₹ 6 on Allotment (including premium), ₹ 3 on I Call and ₹ 3 on Final Call. All amounts pertaining to the issue was received except on 1000 shares, wherein the investor failed to pay both the Allotment money and Call money. These shares were forfeited by the Company and reissued at ₹ 9 as fully paid up. Using the above information, determine the amount to be transferred to Capital Reserve Account.

2. What is Capital Redemption Reserve? When is this reserve created and how is this utilized?

3. What is 'Buy Back' of Shares? Why do companies Buy-Back their own shares?

Part C

(2 Q x 10 M= 20 Marks)

1. Radico Ltd. had a paid up equity capital of ₹ 120 lacs and redeemable preference capital of ₹ 25 lacs. It also had a credit balances in a) P & L A/c ₹10 lacs and b) General Reserve ₹ 3 lacs. The company decides to redeem the preference shares at 10% premium. To carry out the redemption, the company also decides to issue fresh equity shares with a face value of ₹ 12.5 lacs for a premium of 20%. After redemption, fully paid bonus shares are to be issued to the maximum permissible extent. Pass the necessary Journal entries for the above transactions.

2. On 1.04.2015 Premier Ltd. issued 10000 Debentures with a coupon of 10% and face value of ₹100, redeemable at the end of 4 Years. The company wishes to establish a sinking fund for redemption. Investments from sinking fund are expected to earn 12%pa. The FVIFA 12%, 4 Years is 4.779. Using the above information, you are required to prepare 1) Debenture Capital A/c, 2) Sinking Fund A/c and 3) Sinking Fund Investment A/c for 4 years.

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Max Marks: 45 Max Time: 55 Mins Weightage: 15 % **Set A**

TEST 3

IV Semester 2016-2017 **Course: BCL A 204 Corporate Accounting** 22.04.2017

Instructions:

i. Write legibly
ii. Scientific and non programmable calculators are permitted

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Part A

(5Q x 2 M = 10 Marks)

1. What are Marked Applications?
2. State any two effects of Undersubscription.
3. How is 'Firm' underwriting different from 'Normal' underwriting?
4. What is the maximum % of underwriting commission allowable under Companies Act ?
5. What is the significance of 'minimum subscription' ?

Part B

(3Q x 5 M= 15 Marks)

1. A Company issues 200000 equity shares of Rs 10 each for a premium of Rs 20 per share. M/s Ace Finance and M/s Lead Finance underwrite 80% of the issue in the ratio of 60% and 40%. The number of applications received were 130000 of which unmarked applications were 50000. In this situation, show as to how you would allocate / credit the unmarked applications.

2. Hot Chips Ltd. recently came out with an issue of 20000 equity shares of Rs 10 each for a premium of Rs 30 per share. M/s Fortune Finance did a 'Firm' underwriting of 100% of the issue with a 'Firm' component of 2000 shares. The underwriting commission was fixed at 2.5% of the issue amount. The total number of applications received excluding 'firm' were for 15000 shares of which marked were 10000. Using this information, you are required to find the net amount due from the underwriter, after taking into account the underwriting commission.

3. A Company issued 20000 shares of Rs 5 each for a premium of Rs 45 per share. Stanley Ltd. underwrites 70% of the issue. Total applications received were 19000 of which Marked applications were 14000. In these circumstances, show as to how many shares is Stanley Ltd. liable to subscribe ?

Part C

(2 Q x 10 M= 20 Marks)

1. Butterfly Ltd. issued equity share worth Rs 8 lacs with a face value Rs 10 each at par. The issue was fully underwritten by four underwriters M 40000, N 20000, O 15000, P 5000 shares. The number of applications received were for 75000 shares of which marked applications were as M 25000, N 21000, O 12000, P 12000shares. Considering the above, prepare a statement of Underwriters liability clearly showing the liability of each underwriter in terms of number of shares to be subscribed.

2. MNC Ltd. issued 100000 shares of Rs 10 each for a premium of Rs 5 per share with the entire amount payable on application. The whole issue was underwritten for a commission of 5% of the face value, as follows :

   M/s A 60000 shares (of which 10000 shares =Firm)

   M/s B 30000 shares (of which 4000 shares = Firm)

   M/s C 10000 shares (of which 2000 shares = Firm)

   Applications were received for 90000 shares including firm, of which marked applications were :

   M/s A = 32000 shares

   M/s B = 20000 shares

   M/s C = 8000 shares

Using the above information, you are required find the amount due from/ to each of the underwriters after considering the commission.

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