

S.D.E.

S. Y. B. COM. (2008 COURSE) : SUMMER - 2018

SUBJECT : CORPORATE ACCOUNTING - I

Day : Tuesday  
Date : 17/04/2018

S-2018-4176

Time : 11.00 AM TO 02.00 PM  
Max. Marks : 80

N.B.:

- 1) All questions are **COMPULSORY**.
- 2) Figures to the right indicate **FULL** marks.
- 3) Use of non programmable **CALCULATOR** is allowed.
- 4) Answers to both the sections should be written in the **SAME** answer book.

**SECTION - I**

- Q.1** A Ltd., was registered with a nominal capital of Rs. 10,00,000 divided into 10,000 Equity Shares of Rs. 100 each. Prepare Trading, Profit and Loss Account, Profit and Loss Appropriation Account for the year ended 31<sup>st</sup> March, 2015 and Balance Sheet as on that date: [16]

**Trial Balance (as on 31.03.2015)**

Particulars	Debit (Rs.)	Credit (Rs.)
Plant and Machinery	30,000	
Insurance	3,000	
Audit Fees	7,000	
Purchases	2,05,000	
Sales Return	10,000	
Bad Debts	2,000	
Manufacturing Wages	70,000	
Salaries	20,000	
Printing and Stationery	4,000	
Stock on 01.04.2014	50,000	
Rent	6,000	
Rates and Taxes	7,000	
Interest and Bank Charges	8,000	
Carriage Inwards	9,000	
Calls in Arrears	10,000	
Traveling Expenses	11,000	
Cash in Hand and at Bank	12,000	
Furniture and Fittings	12,000	
Sundry Debtors	2,00,000	
Advertisement	7,000	
Goodwill	11,00,000	
Freehold Property	6,30,000	
Bills Receivable	70,500	
Debenture Interest	12,500	
Investment	10,000	
Preliminary Expenses	2,000	
Share Transfer Fees		5,000
Sales		4,10,000
Purchase Returns		5,000
Sundry Creditors		2,50,000
Bad Debts Provision		5,000
Profit and Loss Account 01.04.2014		3,00,000
Bills Payable		12,000
5% Debentures		5,00,000
Share Capital- Called up		10,00,000
Share Premium		9,000
General Reserve		12,000
<b>Total</b>	<b>25,08,000</b>	<b>25,08,000</b>

P.T.O.

You are required to consider the following adjustments:

- a) Insurance prepaid Rs. 500.
- b) Rent outstanding Rs. 1,000.
- c) Depreciation to be provided: Plant and Machinery 10%, Furniture and Fittings 10%.
- d) A provision for bad doubtful debts to be created at 5% on sundry debtors.
- e) Salaries unpaid Rs. 2,000.
- f) Interest on debentures outstanding for 6 months.
- g) Stock on 31.03.2015 was valued at Rs. 1,00,000.
- h) The Board of Directors had decided to make the following appropriations:
  - i) Provision for taxation Rs. 50,000.
  - ii) Proposed equity shares dividend at 10% on paid up capital.
  - iii) Transfer to general reserve Rs. 1,50,000.

**OR**

Star Ltd. offered for public subscription 30,000 equity shares of Rs. 10 each at a premium of Rs. 2 per shares payable as follows:

- a) On Application Rs. 2
- b) On Allotment Rs. 5 (including Premium)
- c) On First Call Rs. 2
- d) On Final Call Rs. 3

Applications were received for 40,000 shares. Allotment was made to the applicants for 30,000 shares. Applications for 10,000 shares were rejected and their application money was refunded.

Ram to whom 1,000 shares were allotted failed to pay first and final call, hence his shares were forfeited. These shares were reissued to Laxman at Rs. 8 per share as fully paid up.

Pass necessary journal entries in the books of Star Ltd.

- Q.2** The Parvati Ltd. was incorporated on 1<sup>st</sup> August, 2014 to take over the business of a firm as from 1<sup>st</sup> April, 2014. The Profit and Loss Account of the company for the year ended 31<sup>st</sup> March, 2015 was as follows: [16]

Particulars	(Rs.)	Particulars	(Rs.)
To Salaries	43,200	By Gross Profit b/d	1,86,000
To Rent and Taxes	14,400		
To Insurance	3,600		
To Electricity Charges	2,880		
To Directors Fees	3,600		
To Auditors Fees	1,920		
To Commission	7,200		
To Advertisement	4,800		
To Discount	4,200		
To Office Expenses	9,000		
To Carriage	3,600		
To Bank Charges	1,800		
To Preliminary Expenses	7,800		
To Bad Debts	2,400		
To Interest on Loan	3,600		
To Net Profit	72,000		
<b>Total</b>	<b>1,86,000</b>		<b>1,86,000</b>

The turnover for the whole period amounted to Rs. 6,00,000 out of which Rs. 2,00,000 related to the period up to 1<sup>st</sup> August, 2014.

Prepare a Statement Showing Profit Prior to and After Incorporation.

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SECTION - II

- Q.3** Shyam Ltd., agreed to acquire the business of Geeta Ltd., as on 31<sup>st</sup> March, 2014. The summarised Balance Sheet of Geeta Ltd., on the date was as follows: [16]

**Balance Sheet of Geeta Ltd. as at 31<sup>st</sup> March, 2014**

Liabilities	Rs.	Assets	Rs.
Share Capital in fully paid shares of Rs. 10 each	6,00,000	Goodwill	1,00,000
General Reserve	1,00,000	Land and Buildings	6,40,000
Workmen's Compensation Fund	80,000	Stock in Trade	1,68,000
Profit and Loss Account	1,00,000	Debtors	36,000
Bank Loan	40,000	Cash at Bank	96,000
6% Debentures	1,00,000		
Creditors	20,000		
	<b>10,40,000</b>		<b>10,40,000</b>

The purchase consideration payable by Shyam Ltd., was agreed as follows:

- a) A cash payment equivalent to Rs. 2.50 for every Rs. 10 per share in Shyam Geeta Ltd.
  - b) The issue of 90,000 Rs. 10 shares fully paid in Shyam Ltd., valued at Rs. 15 per share.
  - c) The issue of same amount of fully paid 5% debentures of Shyam Ltd., to discharge 6% debentures of Geeta Ltd., at a premium of Rs. 20%.
  - d) Shyam Ltd., to take over Land and Buildings, Stock, Debtors including Cash and all third party liabilities.
  - e) While computing the agreed purchase consideration, the directors of Shyam Ltd., valued: Land and Buildings Rs. 12,00,000 and Stock in Trade Rs. 1,42,000. Debtors at their book value subject to allowance of 5% to cover doubtful debts.
  - f) The cost of liquidation of Geeta Ltd. came to Rs. 5,000.
- Show the ledger accounts in the books of Geeta Ltd.

**OR**

Explain the terms of Amalgamation, Absorption and Reconstruction. Distinguish between Amalgamation, Absorption and External Reconstruction.

- Q.4** From the following balances prepare Departmental Trading and Profit and Loss Account for the year 31<sup>st</sup> March, 2015. [16]

	Dept. A (Rs.)	Dept. B (Rs.)	Total (Rs.)
Opening Stock	60,000	56,000	1,16,000
Purchases	1,40,000	1,20,000	2,60,000
Sales	2,40,000	2,00,000	4,40,000
Wages	24,000	16,000	40,000
Rent, Rates, Taxes and Insurance	---	---	37,560
Salaries	---	---	12,000
Lighting and Heating	---	---	8,400
Discount Allowed	---	---	8,800
Discount Received	---	---	2,600
Advertising	---	---	14,720
Carriage Inward	---	---	9,360
Furniture and Fittings	---	---	20,000

P.T.O.

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The following information is also provided:

- a) Inter transfer of goods from Department A to Department B Rs. 8,000.
- b) The items Rent, Rates, Taxes and Insurance, Lighting and Heating, Salaries and Carriage Inward to be apportioned 2/3 to Department A and 1/3 to Department B.
- c) Advertising to be apportioned equally.
- d) Discount Allowed is apportioned on the basis of departmental sales and Discount Received is apportioned equally.
- e) Depreciation at 10% p.a. on Furniture and Fittings to be charged 3/4 to Department A and 1/4 to Department B.
- f) Stock as at 31<sup>st</sup> March, 2014: Department A Rs. 68,000 and Department B Rs. 60,000.

OR

M/s Jyoti Traders, Mumbai has a branch at Delhi, to which goods are invoiced at cost plus 1/3. The branch remits all cash received to Head Office daily. All branch expenses are paid from the Head Office.

Branch Stock (01.04.2014) at Invoice Price	2,40,000
Branch Debtors (01.04.2014)	60,000
Petty Cash (01.04.2014)	8,000
Cash Sales	1,32,000
Discount to Debtors	18,000
Bad Debts written off	12,000
Returns from Debtors	6,000
Collection from Debtors	4,80,000
Goods Sent to Branch (Invoice Price)	8,40,000
Goods returned to Head Office (Invoice Price)	72,000
Credit Sales	6,00,000
Closing Stock (31.03.2015) (Invoice Price)	2,64,000
<b>Cheques received from Head Office for Expenses:</b>	
Petty Cash	12,000
Salaries	48,000
Rent and Rates	16,000
Advertisement	20,000
Actual Petty Expenses incurred by the Branch	14,000

Prepare Branch Account and Branch Debtors Account in the books of Head Office.

**Q.5** Write short notes on **ANY FOUR** of the following:

[16]

- a) Net Asset Method of Purchase Consideration
- b) Internal Reconstruction
- c) Difference between External and Internal Reconstruction
- d) Objectives of Branch Accounting
- e) Dependent Branches
- f) Inter Departmental Transfer of Goods

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