

**S.Y.B.COM. SEM – III (2014 COURSE) : WINTER - 2017**

**SUBJECT : CORPORATE ACCOUNTING – I**

Day : Tuesday  
Date : 24/10/2017

**W-2017-0264**

Time : 12.00 NOON TO 02.00 PM  
Max. Marks : 40

**N.B.:**

- 1) **Q.No.1** is **COMPULSORY**. Attempt **ANY TWO** questions from the remaining.
- 2) Figures to the right indicate **FULL** marks.
- 3) Use of **CALCULATOR** is allowed.

**Q.1 a)** Cifco Ltd. Chembur was registered with an Authorised Capital of ₹ 5,00,000 [15] divided into 5,000 Equity Shares of ₹ 100 each. The Trial Balance as on 31<sup>st</sup> March, 2017 is as follows:

**Trial Balance as on 31<sup>st</sup> March, 2017**

<b>Debit balance</b>	<b>₹</b>	<b>Credit balance</b>	<b>₹</b>
Purchases	2,53,000	Sales	5,09,000
Trade Investments	25,000	Profit and Loss Account balance on 1 <sup>st</sup> April, 2016	35,000
Business Premises	1,80,000	Deposits form Public (Unsecured)	14,700
Raw Materials Stock as on 1 <sup>st</sup> April, 2016	11,900	Interest on Trade Investments	2,500
Freight Outward	4,800	Unclaimed Dividend	3,300
Salaries and Wages	64,400	Trade Payables	1,04,000
Motor Vehicles	40,000	Share Capital	3,50,000
Staff Welfare Expenses	9,100	Acceptances	18,900
Repairs to Buildings	17,300	Rent Payable	8,000
Cash in Hand	8,500	8% Debentures	50,000
Bank Balance with Current Account	29,600	Pension Fund	13,000
Sales Returns	9,000	Dividend Equalisation Fund	25,000
Trade Receivables	1,80,000	Provisions for Employees Benefits	6,500
Freight Inward	5,100	Purchases Returns	13,000
Bills Receivable	30,300	Sundry Income Received in Advance	300
Furniture and Fixtures	50,000	Capital Reserve	7,500
Contribution to Pension Fund	2,000	Other Operating Revenue	10,000
Bad Debts	3,100	Debenture Redemption Reserve	11,000
Power and Fuel	9,300	Miscellaneous Income Received	2,700
Goodwill	40,000	Bank Overdraft	14,600
Insurance	13,100	Bank Interest	1,000
Plant	2,00,000		
Rent and Taxes	8,000		
Underwriters Commission	6,000		
Interest Receivable on Investment	500		
<b>Total</b>	<b>12,00,000</b>		<b>12,00,000</b>

**P.T.O.**

**Adjustments:**

- i) Stock of Raw Material as on 31<sup>st</sup> March, 2017 amounted to ₹ 17,000.
- ii) Interest on Debentures is outstanding for the year.
- iii) Provide depreciation @ 5% p.a. on Business Premises and Motor Vehicle as per Straight Line Method.
- iv) Provision for bad and doubtful debts is to be made @ 5% on Trade Receivables.
- v) The directors proposed a dividend of 8% on Equity paid-up Capital.
- vi) Provide ₹ 21,100 for Taxation.

You are required to prepare a Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2017 and a Balance Sheet as on that date as per the revised Schedule VI to the Companies Act, 2013.

b) Write short note on **ANY ONE** of the following: [05]

- i) Types of Share Capital
- ii) Shares Issue at Discount
- iii) Types of Preference Shares

**Q.2** XYZ Ltd. having an authorized capital of 4,000 Equity Shares of ₹ 20 each issued 3,000 Equity Shares at ₹ 24 each. The applications were received for 4,000 shares. The amounts were called as under: [10]

Application money	₹ 5
Allotment money	₹ 10 (including premium)
1 <sup>st</sup> Call money	₹ 5
2 <sup>nd</sup> Call money	₹ 4

The directors refunded the application money on 1000 shares. All the amounts were received except the following:

Mr. Amar holding 100 shares failed to pay first and final call.

Mr. Bhagwan, holding 200 shares did not pay final call.

The Directors forfeited the shares held by Mr. Amar and Mr. Bhagwan and reissued to Mr. Ram at ₹ 16 per share as fully paid.

Pass journal entries in the books of XYZ Ltd.

**Q.3** The Citizen Company Ltd. was incorporated in 1<sup>st</sup> July, 2016 to take over the running business of Mr. Famous with effect from 1<sup>st</sup> April, 2016. The following is the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2017. [10]

**Profit & Loss Account for the year ended 31.03.2017**

Particulars	₹	Particulars	₹
To Salaries	18,000	By Gross Profit	1,05,000
To Preliminary Expenses	1,000		
To Insurance	1,200		
To Commission	2,625		
To Managing Director's Remuneration	9,000		
To Rent and Taxes	3,000		
To Discount	350		
To Advertisement	5,250		
To Bad Debts	1,250		
To Net Profits	63,325		
<b>Total</b>	<b>1,05,000</b>		<b>1,05,000</b>

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- a) Bad debts of ₹ 350 related to sales effected after the 1<sup>st</sup> September, 2016.
  - b) Advertisement Expenses were directly proportionate to the sales.
  - c) Sales for the period from 01.04.2016 to 31.03.2017 was ₹ 14,70,000 out of which sales upto 30.06.2016 was ₹ 2,10,000.
- Find out profit prior to and after incorporation.

**Q.4** Following is the Balance Sheet of Western India Co. Ltd. as on 31<sup>st</sup> March, 2017 Preference Shares are redeemable at a premium of 7% on 1<sup>st</sup> April, 2017. [10]

<b>Liabilities</b>	<b>₹</b>	<b>Assets</b>	<b>₹</b>
Share Capital : 650 8% Redeemable Preference Shares of ₹ 100 each	65,000	Fixed Assets	3,40,000
22,500 Equity Shares of ₹ 10 each	2,25,000	Investments	21,000
Profit and Loss Account	48,000	Balance at Bank	35,000
Sundry Creditors	58,000		
<b>Total</b>	<b>3,96,000</b>		<b>3,96,000</b>

In order to facilitate the redemption of the Preference Shares, the company decided:

- a) To sell the investment for ₹ 19,000.
- b) To finance part of the redemption from company funds, subject to a balance of ₹ 10,000 in the Profit and Loss Account.
- c) To issue sufficient Equity Shares of ₹ 10 each at a premium of ₹ 4 per share to raise the balance of funds required. Pass the necessary journal entries in the books of the company and Balance Sheet as on completion.

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