S.D.E.

S. Y. B. COM. (2008 COURSE) : WINTER - 2017

SUBJECT : CORPORATE ACCOUNTING – I

Day : Saturday Time : 11.00 AM TO 02.00 PM
Date : 28/10/2017 Max. Marks : 80

W-2017-3985

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 **SAME** answer book.

SECTION – I

Q.1 Kalpana Ltd. issued for public subscription on 3000 Equity Shares at ₹ 24 each at a premium of ₹ 4 per share payable as under: **[16]**

On Application ₹ 2
On Allotment ₹ 10 (including premium)
On First Call ₹ 5
On Second Call ₹ 4

The applications were received for 4,000 Equity Shares. The Directors refunded the excess application money on 1000 shares.
All the amounts were received except the following:
Mr. Anil to whom 100 shares were allotted failed to pay first and second call and Mr. Bansi to whom 200 shares were allotted failed to pay second call. All these shares were forfeited after the second call made.
All the forfeited shares were sold to Mr. Pranav as fully paid up at ₹ 16 per share. Give necessary journal entries in the books of Kalpana Ltd.

Q.2 On 31st March 2017 following were the ledger balances of the company. Prepare Trading, Profit and Loss Account, Profit and Loss Appropriation Account and Balance Sheet as on that date, after making the necessary adjustments: **[16]**

Particulars	₹
Plant and Machinery	30,000
Insurance	3,000
Sales	4,10,000
Audit Fees	2,000
Purchases	2,05,000
Purchases Return	5,000
Sales Return	10,000
Bad Debts	2,000
Wages Manufacturing	70,000
Salaries	20,000
Printing and Stationery	4,000
Stock on 01.04.2016	50,000
Rent	6,000
Rates and Taxes	3,000
Trade Expenses	4,000
Interest and Bank Charges	8,000
Carriage Inwards	9,000
Travelling Expenses	10,000
General Expenses	1,000
Cash in Hand	2,000
Cast at Bank	10,000
Fixtures and Fittings	12,000

P.T.O.

Sundry Debtors	2,00,000
Sundry Creditors	2,50,000
Bad Debts Provision	5,000
Advertisements	6,000
Legal Charges	1,000
Profit and Loss A/c (Credit Balance)	4,00,000
Goodwill	11,00,000
Bills Receivable	70,500
Bills Payable	12,000
Freehold property	6,30,000
5% Debentures	5,00,000
Share Capital	10,00,000
Calls in Arrears	1,000
Debentures Interest	12,500
Final Dividend Paid for 2016-17	1,00,000

Make the following provisions:

i) Insurance prepaid ₹ 500/-.
ii) Rent outstanding ₹ 1,000/-.
iii) Depreciation: 10% on Plant and Machinery and 10% on Fixtures and Fittings.
iv) Create a Reserve for Bad and Doubtful Debts 5% on Sundry Debtors.
v) Salaries unpaid ₹ 2,000/-.
vi) Provide interest on Debentures for 6 months.
vii) Stock on 31st March, 2017 ₹ 1,00,000.
viii) The Board of Directors has decided to make the following appropriations:
- **1)** To provide for taxation ₹ 30,000.
- **2)** To propose Equity Dividend ₹ 1,50,000.
- **3)** To transfer to General Reserve ₹ 1,20,000.

ix) Bills discounted not yet matured ₹ 20,000/-.

OR

Meena Ltd. was incorporated on 1st August, 2016 to take over the business of Smita Ltd. as a going concern from 1st April, 2016. The Profit and Loss Account of the company for the year ended 31st March, 2017 was as follows:

Profit and Loss Account for the year ended 31st March 2017

Particulars	Dr. (₹)	Particulars	Cr. (₹)
To Rent and Taxes	36,000	By Gross Profit	4,65,000
To Insurance	9,000		
To Electricity Charges	7,200		
To Salaries	1,08,000		
To Director's Fees	9,000		
To Auditor's Fee	4,800		
To Commission	18,000		
To Advertisement	12,000		
To Discount	10,500		
To Office Expenses	22,500		
To Carriage	9,000		
To Bank Charges	4,500		
To Preliminary Expenses	19,500		
To Bad Debts	6,000		
To Interest on Loan	9,000		
To Net Profit	1,80,000		
Total	**4,65,000**		**4,65,000**

The total turnover for the year ending 31st March, 2017 ₹ 15,00,000 dividend into ₹ 4,50,000 for the period upto 1st August, 2016 and ₹ 10,50,000 for the remaining period.
Ascertain the profits earned prior to incorporation and after incorporation of the company.

SECTION – II

Q.3 Moon Ltd. sells its business to Sun Ltd. on 31st March, 2017 on which date its Balance Sheet was as follows: **[16]**

Liabilities	₹	Assets	₹
Share Capital 2,000 shares of ₹ 100 each	2,00,000	Goodwill	35,000
Reserve Fund	20,000	Land and Building	85,000
5% Debentures	1,00,000	Plant and Machinery	1,60,000
Loan from A (as director)	40,000	Stock	55,000
Sundry Creditors	80,000	Cash at Bank	34,000
		Discount on Debentures	6,000
		Debtors	65,000
Total	**4,40,000**		**4,40,000**

The Sun Ltd. agreed to take over the assets (exclusive of Cash and Goodwill) at 10% less than the books values, to pay ₹ 50,000 for Goodwill and to take over the debentures.
The purchase consideration was to be discharged by the allotment to the Moon Ltd. of 1500 shares of ₹ 100 each at premium of ₹ 10 per share and the balance in cash.
The cost of liquidation amounted to ₹ 3000 borne by the Moon Ltd.
Prepare necessary accounts in the books of Moon Ltd. recording the above transactions. Also pass necessary entries in the books of the Sun Ltd.

Q.4 The Head Office has a branch at Thane. Goods are sent by the Head Office to the Branch at selling price which is cost plus 25%. All the expenses of the Branch are paid by the Head Office. All cash collected by the Branch is remitted to the Head Office. **[16]**
From the following, prepare Branch Account and Branch Debtors Account in the books of Head Office.

Particulars		₹
Debtors on 01.04.2016		1,20,000
Debtors on 31.03.2017		1,40,000
Inventory at invoice price on 01.04.2016		1,60,000
Inventory at invoice price on 31.03.2017		1,70,000
Cash sales during the year		6,00,000
Total cash remitted to H.O.		12,70,000
Goods sent to Branch at invoice price		14,00,000
Goods returned to H.O.		50,000
Cash sent to Branch for		
Rent	40,000	
Salaries	60,000	1,00,000
Discount Allowed to Debtors		15,000
Bad Debts written off		10,000
Spoilage of goods		20,000
Returned goods by debtors to Branch		5,000

Q.5 Balaji Department Stores had three departments A, B and C. The following particulars regarding the three departments are given. **[16]**

Particulars	**Dept. A (₹)**	**Dept. B (₹)**	**Dept. C (₹)**
Opening Stock	20,000	10,000	30,000
Purchases	55,000	27,500	1,10,000
Sales	2,00,000	1,50,00	1,00,000
Closing Stock	12,000	6,000	1,20,000

The following expenses were also incurred:

Particulars	**₹**
General Expenses	12,000
Rent, Rates and Taxes	9,000
Commission Received	4,500
Discount allowed	27,000
Sales Promotion Expenses	18,000
Salesman's Salary	4,500
Discount Received	14,000

Goods worth ₹ 10,000 were transferred from Dept. A to Dept. B. Goods worth ₹ 5,000 were transferred from Dept. C to B.

a) Allocate General Expenses and Rent, Rates and Taxes equally between the three Depts.

b) Commission received is divided in the ratio of 3:2:1 between Dept. A, B and C respectively.

Prepare Departmental Trading and Profit and Loss Account allocating other expenses on appropriate basis.

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