

B.Com. (Part-II) Examination
CORPORATE ACCOUNTING
(Commerce)

Time : Three Hours]

[Maximum Marks : 70

Note :—(1) Attempt all **FIVE** questions.

(2) All questions carry equal marks.

1. Ruchika Co. Ltd. issued 25,000 shares of Rs. 100 each at Rs. 40 premium payable as under :
- with application Rs. 30 each
 - at allotment Rs. 80 each (with premium)
 - on first call Rs. 15 each
 - on final call Rs. 15 each

Applications were received for 30000 shares; applicants for 5000 shares are allotted fully as per their demand and remaining are allotted on pro-rata basis.

Akil who had applied for 2500 shares and allotted on pro-rata basis has not paid money from allotments.

Vaibhav who was allotted 1000 shares did not pay both call money. These all shares were forfeited after final call.

All other money duly received.

Pass journal entries in the books of company and prepare Balance Sheet. 14

OR

Pooja Co. Ltd. issued 20000 shares of Rs. 100 each payable as follows :

- with application—Rs. 25 per share
- at allotment—Rs. 25 per share
- on first call—Rs. 25 per share
- on final call—Rs. 25 per share

Applications were received for 25000 shares. 2500 applications were rejected and remaining applicants are allotted on pro-rata basis.

Mr. 'X' who had applied for 450 shares failed to pay from allotment.

Mr. 'Y' the holder of 200 shares has not paid first and final call.

Mr. Z the holder of 200 shares has paid the final call money along with the first call.

Pass the journal entries for issue of Shares in the books of Pooja Co. Ltd. and prepare a Share Capital A/c and Bank A/c. 14

2. (A) From the following information prepare "Manufacturing Account" of Steel Co. Ltd. for the year ended on 31st March 2017 :

	Rs.	Rs.
Opening Stock		
Raw Material	25,000	
Work-in-progress	22,500	
Finished Goods	<u>2,500</u>	50,000
Purchase		70,000
Wages		20,000
Factory Expenditure		12,500
Carriage Inwards		2,050
Sales		1,05,000
Closing Stock		
Raw materials	12,500	
Work-in-Progress	15,000	
Finished Goods	<u>32,500</u>	60,000
Excise Duty and Power		5,000

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- (B) Prepare the Profit & Loss Account of Nanda Co. Ltd. for the year ended 31st March, 2017 :

	Rs.
Gross profit	50,000
Salaries	23,000
Rent and taxes	5,000
Share transfer fees	900
Interest earned	7,000
General expenses	5,000
Management expenses	6,300
Insurance	900

Adjustment :

- (I) Depreciation of Machinery Rs. 25,000.
 (II) Unpaid Salary Rs. 2,000.

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(E) Prepare a 'Trading Account' from the information given below :

	Rs.
Opening Stock	17,000
Purchases	1,70,000
Royalty	2,300
Production Wages	13,600
Sales	2,60,000
Octroi	930
Closing Stock	23,000
Carriage on Purchases	2,306
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(F) Following balances are extracted from the account books of Varsha Co. Ltd. as on 31st March, 2017. Prepare Profit & Loss Account :

	Rs.		Rs.
Commission Paid	30,000	Fire Insurance	35,000
Share Transfer Fee	50,000	Rent & Taxes	37,000
Municipal Tax Paid	18,000	Depreciation	48,000
Trade Expenses	4,20,000	Bad Debts	25,000
Gross Profit	24,30,000	Carriage Outward	2,30,000
Salary	4,00,000	Travelling Expenses	18,000
Commission Received	1,30,000	Printing & Stationery	21,000
			4

(G) Prepare Profit and Loss Appropriation Account :

	Rs.
Profit of Current Year	7,50,000
Profit of Last Year	3,10,000
Dividend of Last Year	2,00,000
Interim Dividend	1,50,000

Provision :

(I) Transfer to Reserve Fund Rs. 42,000.

(II) Transfer to Income Tax Reserve Rs. 55,000.

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- (C) From the following information prepare "Profit and Loss Appropriation Account" for the year ended 31st March, 2017 :

	Rs.
Provision for Tax	2,00,000
Transferred to Dividend Equalisation Fund	20,000
Transferred to General Reserve Fund	95,000
Dividend on Preference Shares	45,000
Dividend on Equity Shares	25,000
Profit & Loss A/c (Cr.) (31 March, 2016)	70,000
Net Profit (31 March, 2017)	6,00,000
	3

- (D) From the following information prepare "Balance Sheet" as on 31st March, 2017 :

	Rs.
Share Capital	
2,00,000 Equity Shares Rs. 10 each	20,00,000
Reserve Fund	4,60,000
Sundry Debtors	2,60,000
Land & Building	17,00,000
10% Debentures	14,00,000
Dividend Equalisation Fund	5,00,000
Machinery	22,00,000
Sundry Creditors	4,00,000
Stock (31 st March, 2017)	8,00,000
Furniture	1,00,000
Profit & Loss A/c (Cr.) (31 st March, 2017)	3,00,000
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OR

(H) Prepare a Balance Sheet of Sachin Co. Ltd. as on 31st March, 2017 :

Particulars	Rs.
Share Capital	50,000
Building	25,000
Bills Receivable	1,200
Sundry Debtors	9,700
Investment	10,000
Cash at Bank	7,500
Net Profit	11,050
Closing Stock	16,700
Furniture	8,000
Bills Payable	1,500
Cash in hand	250
Sundry Creditors	15,800
	4

3. (A) Calculate the remuneration of the liquidator :

Assets realised Rs. 4,00,000

Unsecured creditors Rs. 2,00,000

Available balance with liquidators Rs. 1,80,000

Remuneration @ 2% on Assets realised and @ 3% on unsecured creditors. 3

(B) The following information is available of a company which has gone into voluntary liquidation.

The Liquidator's remuneration is to be calculated at 2% on the amount realised and 2% on the amount distributed to the Unsecured Creditors :

(I) Preferential creditors Rs. 5,000

(II) Unsecured creditors Rs. 16,000

(III) Debentures Rs. 5,000

(IV) Following amounts were received on assets :

(a) Land and Building Rs. 10,000

(b) Furniture Rs. 500

(c) Machinery Rs. 9,325

(V) Liquidation expenses Rs. 500

Prepare the "Liquidator's Final Statement of Account". 4

(C) Calculate the value of Goodwill by Super Profit method :

(I) Net Profit for last five years :

2012-13	30,000
2013-14	32,000
2014-15	40,000
2015-16	42,000
2016-17	45,000

(II) The capital employed in the business is Rs. 4,00,000.

(III) Normal rate of return 7%.

(IV) Goodwill is to be valued at 4 years purchase of super profit. 3

(D) Calculate the value of shares :

Total Assets Rs. 60,00,000

Liabilities Rs. 25,00,000

Share Capital 3,00,000 equity shares of Rs. 10 each. 4

OR

(E) Amount payable to unsecured creditors Rs. 75,000; amount balance to liquidators Rs. 70,000. Calculate 4% remuneration of liquidators. 3

(F) What is Goodwill ? Explain any two methods of valuation of Goodwill. 4

(G) Explain the Assets methods of Valuation of Shares. 3

(H) The 'A' company went into liquidation on 1st April, 2016 prepare the Liquidator's Final Statement of Account from the following particulars :

(I) Secured creditors	1,20,000
(II) Preferential creditors	36,000
(III) Unsecured creditors	1,83,000
(IV) Liquidation expenditure	1,512
(V) Realisation of Assets	3,06,000
(VI) Remuneration of 3% on realised assets and 2% on the amount distributed to Unsecured Creditors.	4

4. The 'A' Co. Ltd. and 'B' Co. Ltd. have agreed to amalgamate. A new company " 'AB' Co. Ltd." has been formed to take over the combined concern as on 31st March, 2017. After negotiation the financial position of both companies were as under.

AB Co. Ltd. took over the assets and liabilities of both the companies at book value.

Balance Sheet

'A' Company Ltd.

Liabilities	Rs.	Assets	Rs.
Issued Share Capital 10,000 Equity		Building	50,000
Shares of Rs. 10 each fully paid up	1,00,000	Machinery	20,000
Sundry Creditors	8,000	Motor Car	11,000
Profit & Loss A/c	5,000	Stock	15,000
		Cash at Bank	5,000
		Sundry Debtors	12,000
	<u>1,13,000</u>		<u>1,13,000</u>

Balance Sheet

'B' Company Ltd.

Liabilities	Rs.	Assets	Rs.
Issued Share Capital 5,000 Equity		Building	30,000
Shares Rs. 10 each	50,000	Goodwill	5,000
Sundry Creditors	10,000	Sundry Debtors	2,000
Profit & Loss A/c	5,000	Cash at Bank	1,000
		Plant	25,000
		Stock	2,000
	<u>65,000</u>		<u>65,000</u>

Purchase consideration has been paid in fully paid up shares of 'AB' Co. having face value of Rs. 10 each at Rs. 12.5 each.

'AB' Co. have an authorised capital of Rs. 5,00,000 divided into equity shares of Rs. 10. Co. has issued 10,000 shares to the public which are fully subscribed and paid up.

Give Journal Entries in the Books of 'AB' Co. and prepare Opening Balance Sheet.

14

OR

What is profit prior to incorporation ? Explain the methods of ascertaining the profit prior to incorporation.

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5. (A) Jayant Co. Ltd. Balance Sheets are as follows :

Liabilities	2016	2017
	Rs.	Rs.
Share Capital	1,30,000	1,90,000
Current Liabilities	60,000	40,000
Bad and Doubtful Debts Reserve	20,000	10,000
	<u>2,10,000</u>	<u>2,40,000</u>
Assets	2016	2017
	Rs.	Rs.
Fixed Assets	50,000	80,000
Investment (long term)	20,000	10,000
Current Assets	1,40,000	1,50,000
	<u>2,10,000</u>	<u>2,40,000</u>

Prepare Statement showing Change in Working Capital.

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- (B) Prepare Fund Flow Statement :

	Rs.
Sale of Assets	6,00,000
Purchase of Land	10,00,000
Issue of Debentures	4,00,000
Issue of Shares	11,00,000
Retained earning	3,00,000
Increase in Working Capital	14,00,000

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(C) Prepare Plant Account :

	Rs.
Opening Balance of Plant	1,70,000
Closing Balance of Plant	2,10,000
Current Year Depreciation charged on Plant was Rs. 20,000.	3

(D) Write importance of Funds Flow Statement.

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OR

(E) From the following Assets and Liabilities you are to prepare a Statement of Change in Working Capital :

Particulars	2016	2017
	Rs.	Rs.
Assets		
Plant	38,000	48,000
Stock	26,000	18,500
Bank	1,200	1,900
Cash	3,800	2,100
Debtors	25,000	30,000
Liabilities		
Creditors	20,000	15,000
Bank Loan Short Term	—	5,000
Debentures	40,000	20,000

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(F) Prepare Capital Account from the following information :

Particulars	Rs.
Opening Balance of Capital Account	8,25,000
Closing Balance of Capital Account	11,76,000
New Capital Introduced in the Year	11,00,000
Drawings per month	99,000

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(G) Prepare Machine Account :

Assets	2016	2017
	Rs.	Rs.
Machine	35,000	50,000

Other information :

(I) Profit on Sale of Machine Rs. 5,000.

(II) Depreciation of Machine Rs. 2,500 and Purchase during the year of Rs. 22,500.

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(H) What are the rule of effect on change in Working Capital ?

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