

Subject : Corporate Accounting - I

Day : Friday
Date : 07/10/2016

S.D.E.

Time : 11.00 AM TO 02.00 PM
Max Marks : 80 Total Pages : 4

N.B:

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

SECTION-I

- Q.1** Lifesketch Ltd. issued prospectus inviting applications for 24,000 shares of Rs. 100 each at a premium of Rs. 20 each payable as follows. **(16)**
 On Application Rs. 20
 On Allotment Rs. 50 (including premium)
 On First Call Rs. 30
 On Final Call Rs. 20
 Applications were received for 30,000 shares of which applications for 6,000 shares were rejected and applications money was refunded.
 Mr. Abdul, the holder of 500 shares failed to pay first and final call and his shares were forfeited after final call. The forfeited shares were sold to Ajit as fully paid for Rs. 70 each.
 Journalise the transactions in the books of Lifesketch Ltd.

OR

- Q.1** Following is the Trial Balance of Sunlight Ltd., Pune as on 31st March, 2016. **(16)**

Particulars	Dr. Balance Rs.	Particulars	Cr. Balance Rs.
Land and Building	3,40,000	Share Capital	8,00,000
Pant and Machinery	6,60,000	Sundry Creditors	1,20,000
Loose Tools	40,000	Reserve Fund	60,000
Preliminary Expenses	20,000	Profit and Loss Account 1.4.2015	35,400
Furniture	29,000	Return Outward	20,000
Calls in Arrears	6,000	Sales	12,30,000
Cash in Hand	2,000	6% Debentures of Rs. 100 each	4,00,000
5% Government Bonds (Face Value Rs. 40,000)	36,000	Bank Overdraft	50,000
Bills Receivable	58,000		
Goodwill	36,000		
Motor Vehicles	40,000		
Sundry Debtors	83,000		
Interim Dividend	18,000		
Repairs	3,000		
Purchases	9,60,000		
Return Inward	28,000		
Advertisement	10,000		
Audit Fees	4,000		
Carriages Outwards	15,000		
Wages	92,000		
Insurance	20,000		
Stock 1.4.2015	1,90,000		
General Expenses	17,000		
Debentures Interest (less tax at 30%)	8,400		
	27,15,400		27,15,400

P.T.O.

Prepare Trading Account, Profit and Loss Account, Profit and Loss Appropriation Account for the year ended 31st March 2016 and Balance sheet as on that date after considering the following adjustments.

- i) Stock as on 31.3.2016 Rs. 1,80,000.
- ii) Create reserve for bad debts at 5% on Sunday Debtors.
- iii) Provide depreciation: Plant and Machinery at 5%, Furniture at 10%, Loose Tools at 15% and Motor Vehicles at 20%.
- iv) Prepaid Insurance Rs. 2,000.
- v) Reserve fund to be increased by Rs. 10,000.
- vi) Directors declared on 31.12.2015 an interim dividend for six months ending 30.9.2015 at the rate of 3%.
- vii) Wages outstanding Rs. 3,000.
- viii) Interest on debentures for 6 months outstanding.

- Q.2** A Ltd was incorporated on 1st August 2015 to acquire the existing business from 1st April 2015. The following is the Trading and Profit and Loss Account for the year ending 31st March 2016. **(16)**

Trading and Profit and Loss Account

Dr.	Rs.	Cr.	Rs.
To Salary	24,000	By Gross Profit	1,84,000
To Int. on Debt.	5,000		
To Dire. fees	4,800		
To Audit fees	1,500		
To Discount on sale	3,600		
To Depreciation	24,000		
To into, to Vendor	3,000		
To General Exp.	4,800		
To Advertisement	24,000		
To stationery	9,600		
To Comm. On sale	12,000		
To Bad debts	3,000		
To Net Profit	64,7000		
	1,84,000		1,84,000

You have obtained the following additional information:

- a) Sales for the year were Rs. 3,00,000 out of which sales up to 1st August 2015 were Rs. 1,25,000.
 - b) Purchase consideration was paid to vendors on 1st October 2015.
 - c) Bad debts Rs. 600 related to sales effected after incorporation.
- You are required to find out profit prior to and post incorporation period.

SECTION-II

- Q.3** A Ltd. sells its business to B Ltd on 31st March 2016 on which date its Balance Sheet was as follows. **(16)**

Liabilities	Rs.	Assets	Rs.
Paid-up Capital 2,000 shares of Rs. 100 each	2,00,000	Goodwill	50,000
6% 100 Debentures of Rs. 1,000 each	1,00,000	Freehold Property	1,50,000
Sundry Creditors	30,000	Machinery	83,000
Reserve Fund	50,000	Stock	35,000
Profit and Loss Account	20,000	Bills Receivable	4,5000
		Sundry Debtors	27,500
		Cash at Bank	50,000
	4,00,000		4,00,000

B Ltd. agreed to take over the assets (exclusive of cash and goodwill) at 10% less than the books values, to pay Rs. 75,000 for goodwill and to take over the Debentures.

The purchase consideration was to be discharged by the allotment to A Ltd. of 1,500 shares of Rs. 100 each at a premium of Rs. 10 per share and the balance in cash. The cost of liquidation amounted to Rs. 3,000 borne by B Ltd.

Prepare necessary accounts in the books of A Ltd. recording the above transactions. Also pass necessary entries in the books of the B Ltd.

OR

Q.3 Explain the concepts of Amalgamation, Absorption and External Reconstruction with suitable examples. **(16)**

Q.4 Smita Company, Pune has a Branch at Satara. All goods required for sale at Satara are supplied from Pune at cost plus 25%. All cash received at branch is remitted to the Head Office immediately. **(16)**

From the following particulars prepare:

- a) Satara Branch Account
- b) Branch Debtors Account
- c) Petty Cash Account

In the books of Smita Company.

Stock (1.4.2015)	40,000
Debtors (1.4.2015)	30,000
Furniture (1.4.2015)	20,000
Petty Cash (1.4.2015)	400
Goods Returned by Debtors	1,600
Goods Invoiced to Branch	1,00,000
Goods Returned by Branch	4,000
Bad Debts	1,000
Cash Sales	6,000
Reserve for Doubtful Debts	6,000
Allowances to Debtors	1,800
Branch Expenses paid by Head-Office:	
Printing and Stationery	1,600
Rent	6,000
Salary	7,000
Sundry Expenses	2,000
Petty Cash Expenses at Branch	1,000
Total Sales	1,40,000
Remittance to Branch for petty cash expenses	1,200
Stock (31.3.2016)	30,000
Debtors (31.3.2016)	79,000
Furniture (31.3.2016)	16,000

OR

P.T.O.

- Q.4** From the following particulars as on 31.03.2016 of Divya Stores, Delhi (16)
prepare Departmental Trading Account, Profit and Loss Account for the
year ended 31.03.2016.

Particulars	Rs.
Stock on 1.4.2015.	
Dept. A	3,00,000
Dept.B	2,40,000
Purchases:	
Dept. A	5,60,000
Dept. B	4,80,000
Sales:	
Dept. A	12,00,000
Dept. B	10,00,000
Wages:	
Dept. A	1,50,000
Dept.B	50,000
Rent, Rates, Taxes and Insurance	1,80,000
Sundry Expenses	60,000
Salaries	60,000
Lighting and Heating	36,000
Discount Allowed	44,000
Discount Received	26,000
Advertising	72,000
Carriage Inward	42,000
Furniture	60,000
Machinery	4,00,000

The following information is available:

- Department A transferred goods to Department B for Rs. 8,000.
- The items like Rent, Rates, Taxes and Insurance, Sundry Expenses, Lighting and Heating, Salaries and Carriage Inwards to be apportioned 2/3 to Dept. A and 1/3 to Dept. B.
- Advertising to be apportioned equally.
- Discount Allowed and Discount Received are apportioned on the basis of departmental sales and purchases (excluding transfers).
- Depreciation at 10% p.a. on Furniture and Machinery is to be charged 3/4 to Dept. A and 1/4 to Dept. B.
- Stock as at 31.03.2016 Dept. A Rs. 3,30,000 and Dept. B Rs. 2,40,000.

- Q.5** Write short notes on **ANY FOUR** of the following: (16)

- Purchase Consideration
- Internal Reconstruction
- Types of Branches
- Objectives of Amalgamation
- Goods Supplied at Cost and Invoice Price
- Inter Departmental Transactions.

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