**Bachelor of Commerce with Accountancy, Finance & Insurance Examination: October 2014 Semester - III (Fresh)**

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| --- | --- | --- | --- | --- | --- |
| **Day & Date** | **Paper no.** | **Subject Name** | **Time** | **Code** | **Max. Marks** |
| **Friday**  **10/10/2014** | **P- I** | **Corporate Accounting** | **11. 00 AM**  **to**  **01. 30 PM** | **3001** | **75** |

**Note: Attempt any three questions from Q.1 to Q.5**

**All questions carry 25 marks**

**Q1.** A company issued Rs. 1,80,000 Redeemable preference shares at par on 1st January, 1998 redeemable at the option of the company on or after 31st Dec. 2002 in whole or in part.

The following redemption was made out of profits.

On 30th June 2003 Rs. 60,000

On 30th June 2004 Rs. 40,000

In December 2004 the company issued Equity shares at the face value at Rs. 60,000 at a premium of 2% and on 31st December in the same year, it redeemed the balance at preference shares.

Pass the necessary Journal Entries to record above transactions.

**Q2.** M/S Raj Ltd. was formed to take over a running business with effect from 1st April 2003. The company was incorporated on 1st Oct 2003.

The following profit & loss a/c has been prepared for the year ended 31st March 2004.

Profit & Loss A/C

(for the year ended 31st March 2004)

|  |  |  |  |
| --- | --- | --- | --- |
| **Particular’s** | **Rs** | **Particular’s** | **Rs** |
| To salaries | 2,40,000 | By Gross profit b/d | 16,00,000 |
| To printing & std. | 24,000 |  |  |
| To Travelling Exp. | 84,000 |  |  |
| To Advertisement | 80,000 |  |  |
| To Misc. Trade Exp. | 1,89,000 |  |  |
| To Rent (off. Buldg) | 1,32,000 |  |  |
| To electricity | 21,000 |  |  |
| To preliminary Exp. | 56,000 |  |  |
| To Bad debts. | 16,000 |  |  |
| To commission to selling Agent | 80,000 |  |  |
| To Audit fees | 30,000 |  |  |
| To Deb. Interest | 15,000 |  |  |
| To Int. to vendor | 21,000 |  |  |
| To Selling Exp. | 1,26,000 |  |  |
| To Depreciation | 48,000 |  |  |
| To Net profit | 4,38,000 |  |  |
|  |  |  |  |
|  | 16,00,000 |  | 16,00,000 |

Relevant information

1. Tot al sales during the year, which amounted to Rs. 96,00,000/- arose evenly upto the date of the certificate of incorporation, where after they spurted to record increase of two-thirds during the rest of the year.
2. Rent of the office building was paid @ Rs. 1,20,000/- p.a. upto Sept. 2003 and thereafter it was increased by Rs. 24,000/- per annum.
3. Travelling expenses include Rs. 24,000/- towards sales promotion.
4. Depreciation includes Rs. 3000/- for assets acquired in the past incorporation period.
5. Purchase consideration was discharged by the company on 31st Oct 2003 by issuing Equity shares at Rs. 10/- each.
6. Salaries include 40,000/- paid to the Director. There were 3 employees upto 30th Sept. 2003 after which the number was increased by 6 employees. The rate of salary was same in all cases.

Prepare the profit & loss a/c in columnar form, showing distinctly the allocation at profits between pre incorporation and past incorporation periods, indicating basis at allocation.

**Q3.** The following is the Trial Balance of OM Ltd. as 31-3-2013.

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Rs ‘000 | Credit | Rs ‘000 |
| Land at cost | 220 | Equity capital | 300 |
| Plant & Mach. | 770 | (shares at 10 each) |  |
| Trade Receivable | 96 | 10% Debentures | 200 |
| Inventories (31-3-12) | 86 | General Reserve | 130 |
| Bank | 20 | Security premium | 40 |
| Adjusted purchase | 320 | Sales | 700 |
| Factory Exp. | 60 | Trade payables | 52 |
| Administ. Exp. | 30 | Provision for Dep. | 172 |
| Debenture Int. | 20 | Suspense A/C | 04 |
| Interim dividend | 18 |  |  |
|  |  |  |  |
|  | 1,670 |  | 1,670 |

Additional information:

1. The authorized share capital of the company is 40,000 shares at Rs 10/- each
2. Proposed final dividend @ 10%
3. Suspense Account at Rs 4000/- represent cash received for the sale of the machinery on 1-4-11. The cost of the machinery was 10,000/- and the accumulated depreciation thereon being Rs 8000/-
4. Provide depreciation on plant & machinery @ 10% on cost

Prepare OM Ltd. balance sheet as on 31-3-2012 and statement at profit & loss for the year ended 31-3-2012. Ignore previous year’s figure & taxation.

**Q4.** CAS Limited incorporated on 1st January 2013 issued a prospects inviting application for 40,000 equity shares Rs 10/- each.

The whole issue was fully underwritten by A, B and C as follows:

A = 20,000 shares

B = 12,000 shares

C = 8,000 shares

Applications were received for 32,000 shares of which marked application were as follows.

A = 16,000 shares

B = 5,700 shares

C = 8,300 shares

Find out the liability of Individual under writer.

**Q5.** Write short notes on any two:

1. Discloser at share capital in Company Balance Sheet.
2. Discloser at Current Liabilities in Company Balance Sheet.
3. Transfer to Capital Redemptions Reserve on redemption.