



B.COM. Part-I (PASS COURSE)

Sub. : CORPORATE AND FINANCIAL ACCOUNTING

MODAL PAPER-I

Time Allowed: 3 Hour

Max. Marks: 100

Q1. Discuss briefly various accounting concepts and conventions.

Or

Ganesh Auto Ltd was registered on 1st march, 2015 with an Authorized Capital of rs.2 crore in equity shared of rs.100 each. It invited applications for 1, 00,000 equity shares of rs.100 each at a premium of rs.10 per share payable as follows:

On application on 5th April rs.30 per share; on allotment on 20th April rs.40 per share; on first call on 30th September rs.20 per share; on second & final call on 31st December; rs.20 per share.

Applications for 1, 40,000 shares with a payment of rs.30 per share as application money were received. The Directors allotted as follows:

- (i) To allot in full to the applicants for 90,000 shares;
- (ii) To refuse allotment to the applicants for 30,000 shares;
- (iii) To allot the remaining shares pro-rata to the applicants for 20,000 shares;
- (iv) To utilize the surplus in payment of allotment, if any.

Mr. Ram to whom 400 equity shares were allotted on pro-rata basis failed to pay the amount due on allotment and on calls. His shares were forfeited. All the shares of Mr. Ram were reissued to Mr. Shyam at rs.110 per share on 31st January, 2016. Show the journal and Cash Book entries in the books of the company.

Q2. What is meant by 'profit prior to and post-incorporation'? Explain the method of ascertaining them. How such profits and losses are dealt with in company accounts?

Or

On 1st April, 2015 Ramesh Ltd. had outstanding in its books 1,000 12% Debentures of rs.500 each. In accordance with the agreement, the directors purchased in the open market Debentures for immediate cancellation as follows:

1st June 2015 100 Debentures rs.490 (cum-interest)

1st Nov.2015 200 Debentures rs.501.25 (cum-interest)

15th Mar.2016 50 Debentures rs.492.5 (ex-interest)

Debenture interest is payable half yearly on 30th September and 31st March every year. Pass necessary journal entries for the above transactions.

Q.3 What is Managerial Remuneration? Discuss the provisions of the Companies Act, 2013 regarding managerial remuneration.

Or

The articles of association of Z Ltd. provided for the following:

- (i) That 10% of the profits (before taxation) of each year shall be transferred to general reserve;
- (ii) That an amount equal to 10% of equity shares dividend shall be set aside for bonus to staff;
- (iii) That the balance available for distribution shall be applied:
 - (a) In paying 7% dividend on cumulative preference shares;
 - (b) In paying 10% dividend on equity shares;
 - (c) One-third of the balance available as additional dividend on preference shares and two-third as additional dividend on equity shares.

A further condition was imposed by the Articles viz. that the balance carried forward shall not be reduced by the provision under (ii), [iii(b)] or [iii (c)] below a sum equal to 6% in the preference share capital.

The company had issued 26,000 7% cumulative participating preference shares of rs.100 each fully paid up and 1, 30,000 equity shares of rs.10 each fully paid up. The net profit (before Depreciation & Tax) for the year ending 31st March, 2015 was rs.10,20,000 and balance brought forward from the previous year was rs.3, 10,098. Provide rs.66, 200 for depreciation and rs.2, 50,000 for taxation.

Prepare a note to be annexed to Balance Sheet showing allocations and appropriations of Profit for the year ending 31st March, 2015. Give working notes in detail.

Q.4 What is 'Consequential loss policy'? What factors do influence the ascertainment of claim under this policy?

Or

From the following particulars you are required to write up the individual accounts. Purchases Ledger Adjustment Account (in General Ledger), General Ledger Adjustment Account (in Purchases Ledger) and pass self-balancing entries. Also prepare Trial Balance in Purchases ledger for the year ended 31st March, 2015. Individual Creditors balances on 1st April, 2014 were:

A rs.3400; B rs.3600; C rs.3300; D rs.4200; E rs.2600; F rs.3800.

Transactions during the year were as follows:

	Rs.	
(i) Purchased goods from A	3700	
(ii) Paid to F on account	1800	
(iii) Accepted A's draft	1900	
(iv) Discount received from A	100	
(v) Returned goods to E	600	
(vi) Purchased goods form G	4000	
(vii) Paid to E (Discount rs.20)	1980	
(viii) Purchased goods from B	3000	
(ix) Paid to D (Discount rs.200)	4000	
(x) Purchased goods from D	3200	
(xi) Returned goods to G	460	
(xii) Paid to B (discount rs.120)	3480	
(xiii) Purchased goods form E	4400	
(xiv) Paid to G (discount rs.140)	3400	
(xv) Accepted F's draft	2000	
(xvi) Discount received from F	80	
(xvii) Purchased goods form F	3200	
(xviii) Paid to A on account	1400	

Q.5 Write short notes on the following...

- (i) Hire Purchase Trading Account
- (ii) Assignment of Hire Purchaser's Right
- (iii) Provisions for Unrealized profit in the Books of Hire Vendor
- (iv) Good Repossessed Account

Or

X Ltd. Makes up its accounts to 31st December each year. The company was unable to take stock by physical inventory till 14th January, 2015 on which date the stock at cost was valued at rs. 1, 85,000. It was therefore necessary to estimate the value of stock in hand on 31st December, 2014.

You ascertain the following facts regarding the period from 1st January to 14th January, 2015:

- (a) Purchased totalled rs.48000 and included :
 - (i) Rs. 5000 in respect of goods received in December 2014;
 - (ii) Rs. 6000 in respect of goods received on 19th January,2015; and
 - (iii)Rs. 2000 in respect of goods received but returned on 7th January, 2015 for which no credit note has been received or passed through the books.
- (b) Sales totalled rs.60000 and included:
 - (i) Rs. 1500 in respect of goods which left the warehouse on 28th December,2014;
 - (ii) Rs. 2800 in respect of goods which were not dispatched until 16th January, 2015
 - (iii)Rs. 750 in respect of goods invoiced and dispatched on 10th January, 2015 but returned by the customers on 12th January, 2015 for which no credit note had been passed but which were in fact included in the stock taken on 14th January, 2015.
- (c) Other returns to suppliers totalled rs.1400 and other returns by customers were rs.450.
- (d) The rate of gross profit was 25% on the selling price with the exception of an isolated purchase on 7th January, 2014 of 100 similar articles which had cost rs.11000. Of these articles, 50 were sold on 7th January, 2015 for rs.6500 and remainder had been included at cost in the sock taken on 14th January, 2015.

Prepare a statement showing the estimated value of stock held on 31st December, 2014 at cost.



B.COM. Part-I (PASS COURSE)

Sub. : CORPORATE AND FINANCIAL ACCOUNTING

MODAL PAPER-II

Time Allowed: 3 Hour

Max. Marks: 100

Q1. Discuss salient features of A.S.-1 and A.S.-9.

Or

Following was the Balance Sheet of Sajan Ltd., as 31st March, 2015:

Particulars	Amount
I. EQUITY AND LIABILITIES:	
A. Shareholders' fund	
(a). Share Capital	
Authorized Capital:	
10,000 preference shares of rs.100 each	10,00,000
1,00,000 equity shares of rs.10 each	10,00,000
	<hr/>
	20,00,000

Issued and Subscribed Capital:		
2500 10% Redeemable 'A' preference shares of rs.100 each	250000	
Less: Calls in arrears (rs,25 per share on 100 shares	2500	
2500 10 % Redeemable 'B' preference shares of rs.100 each,		247500
rs.75 paid up		
50,000 Equity Shares of rs.10 each fully paid up		1,87,500
(b) Reserves and Surplus:		5,00,000
General Reserve		
Capital Reserve		1,35,000
Surplus a/c		25,000
Securities Premium a/c		50,000
Dividends Equalization Reserve		15,000
B. Non-Current Liabilities :		1,25,000
Long-term borrowings:		
Secured Loan: 12 % Debentures		
C. Current Liabilities : Trade Payables		1,00,000
		1,00,000
	Total	14,85,000
II.ASSETS:		
A.Non-Current Assets:		
(a) Fixed Assets		11,85,000
(b) Non-Current Investments: Investments (Shares of rs.100 each)		1,00,000
B. Current Assets :Cash & Cash Equivalents: Cash at Bank		2,00,000
	Total	14,85,000

The directors decided for undergoing necessary formalities to redeem both the types of preference shares at a premium of 5 %. For this:-

- (i) 900 9 % Preference Shares of rs.100 each were issued at par.
- (ii) 1000 12 % Debentures of rs.100 each were issued at par.
- (iii) Investments were sold at the rate of rs.105 each.
- (iv) The building of a book value of rs1,00,000 included in 'Fixed Assets' was sold at a loss of rs.10,000
- (v) Utilising the profits available for distribution for purpose of redemption, necessary number of equity shares, but not more than that, were issued at a premium of 10 %.
- (vi) One holder of 200 preference shares from class 'b' could not be paid since, he could not be located. The calls in arrears on 'A' Preference Shares also could not be realized. All the rest were paid off.

Pass necessary journal entries and prepare the balance sheet after the payments were made.

Q2. Write explanatory notes on:

- (i) Writing off discount on issue of debentures.
- (ii) Cumulative debentures sinking fund.
- (iii) Profit on redemption on debentures.

Or

Sardar Ltd. issued to public 1, 50,000 equity shares of rs100 each at par. Rs.60 per share was payable along with application and the balance of allotment. The issue was underwritten equally by Ali, Bali and Charlie for a commission of 2.5 %. Applications for 1, 40,000 shares were received as per details given below:-

Underwriter	Firm Application	Marked Application	Total
Ali	5,000	40,000	45,000
Bali	5,000	46,000	51,000
Charlie	3,000	34,000	37,000
Unmarked Application	-	-	7,000
			1,40,000

Total

It was agreed to credit the unmarked applications equally to Ali and Charlie. Sardar Ltd. accordingly made the allotment and received the amounts due from the public. The underwriters settled their accounts.

You are required to:

- (i) Prepare a statement showing the liability of the underwriters, assuming firm underwriting

shares as marked shares; and

(ii) Journalise the above transactions in the books of Sardar Ltd.

Q3. What is meant by "Capitalization of Profit"? What accounting entries are passed for bonus? Discuss the guidelines of SEBI for Bonus Shares.

Or

The following items among others appeared in the Balance Sheet of X Ltd. as on 1st April, 2014:

10% Preference Share Capital	4, 00, 000
Fully paid Equity Share Capital	5, 00, 000
Partly paid 60% Equity Share Capital	3, 00, 000
Securities Premium	7, 00, 000
15% Debentures	10, 00, 000

Net profit before interest on debentures and before payment of tax @ 30.9% is rs.11, 50, 000 for the year ended 31st March, 2015.

The Board of Directors of the company decided to transfer 5 % Net Profit to General Reserve Account. They propose a dividend of 15 % on equity share capital and capitalization of profits for making partly paid-up shares into fully paid up. Corporate dividend tax is payable @ 19.994%. Pass the necessary journal entries to incorporate the Board's recommendations and show how the item concerned would be shown in the head Equity and Liabilities of Balance sheet of X Ltd. as at 31st March, 2015.

Q4. Bobby Ltd. had taken out a loss of profit policy for rs.4, 50,000 being rs.1, 95,000 for net profit and rs.2, 55, 000 for fixed expenses. Expenses to the extent of rs.50, 000 were not insured. During 2014 company earned a net profit of rs.1, 35,000 after charging rs.305000 standing charges on a sale of rs.48, 75,000. On 1st June, 2015 there was a fire as result of which sales suffered a great deal for a period of 5 months. The actual sales out 2014 and 2015 were as under:

	2014	2015
January	3, 00,000	3, 30,000
February	3,00,000	3, 30,000
March	3, 75,000	4, 12,500
April	3, 75,000	4, 12,500
May	4, 50,000	4, 95,000

June	5, 40,000	75,000
July	6, 00,000	75,000
August	5, 10,000	90,000
September	4, 50,000	1, 20,000
October	3, 75,000	1, 65,000
November	3, 75,000	2, 25,000
December	2, 25,000	2, 70,000

The indemnity period according to policy was 4 months. Rs. 3,000 was spent on putting the fire off and additional expenses as a consequence of fire were rs.24, 042 but a saving of rs.4, 500 was affected. Towards the end of 2014 a machinery was installed which would have resulted in a net saving equal to 2% of sales in cost of production.

Or

Prepare adjustment accounts form the following particulars in General ledgers:

	Rs.
January 1, 2015	
Balance of purchases ledger (Dr.)	1740
Balance of purchases ledger (Cr.)	23880
Balance of sales ledgers (Dr.)	29240
Balance of sales ledger (Cr.)	480
January 31, 2015	
Credit purchases	132360
Purchases returns	5120
Credit sales	174980
Sales returns	2340
Cash received from customers	152420

Discount allowed thereon	5640
Cash paid to suppliers	116860
Discount received thereon	3320
Cash paid to debtors	260
Bills receivable	8240
Bills payable	4500
Bills receivable dishonoured	500
Purchases ledger balances (Dr.)	1540
Sales ledger balances (Dr.)	36700

Q.5 Rakesh acquired a car on hire purchase from Ashoka Ltd. on 1st July, 2012 agreeing to pay rs.41,507 on the delivery of car to him and the balance in four half-yearly installments of rs.50,000 each commencing from 31st December,2012. The cash price of the car was rs.2, 00,000 and the Ashoka Ltd. charges interest @ 20% per annum with half yearly rests.

Rakesh prepares its accounts annually on 31st March and writes off depreciation on the machine at 10 % per annum on written down value.

You are required to show necessary accounts in the books of Rakesh and also show the items in the Balance Sheet of Rakesh as at 31st March, 2013.

Or

Navkar Ltd. was following LIFO method of valuation of stock. Due to promulgation of revised accounting standard, they want to switch over to FIFO method. From the following information:

- (i) Draw up stock ledgers under FIFO and LIFO methods of valuation of stocks.
- (ii) Find out the closing stock and cost of materials consumed under each of the above two methods:

Opening stock 5,000 MT @ rs.22per MT rs.1, 10,000

Purchases:

1.6.2015	1,000 MT @ rs.30 Per MT
5.6.2015	2,000 MT @ rs.35 Per MT
10.6.2015	1,500 MT @ rs.38 Per MT
15.6.2015	1,500 MT @ rs.35 Per MT
20.6.2015	2,000 MT @ rs.32 Per MT
28.6.2015	2,000 MT @ rs.35 Per MT

30.6.2015	1,500 MT @ rs.30 Per MT
-----------	-------------------------

Issues:

5.6.2015	2,000 MT
----------	----------

10.6.2015	3,000 MT
-----------	----------

20.6.2015	4,000 MT
-----------	----------

25.6.2015	3,000 MT
-----------	----------

30.6.2015	3,000 MT
-----------	----------