Roll No. $\square$ Total No. of Pages: 03
Total No. of Questions : 07

## B.Com. (2013 to 2017 Batch) (Sem.-3) <br> CORPORATE ACCOUNTING - I <br> Subject Code : BCOP-301 <br> M.Code : 22013

Time : 3 Hrs.
Max. Marks : 60

## INSTRUCTIONS TO CANDIDATES :

1. SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.
2. SECTION-B contains SIX questions carrying TEN marks each and students have to attempt any FOUR questions.

## SECTION-A

1. Write briefly :
a) Employee Stock option scheme
b) Captialisation of Profits
c) Sinking fund for redemption of debentures
d) Firm underwriting
e) Redeemable preference shares
f) Capitalisation of average profit
g) Factors determining goodwill
h) Schedule VI
i) Divisible profits
j) Corporate scandals

## SECTION-B

2. Discuss the provisions of law with regard to redemption of redeemable preference shares as laid down in Section 55 of the companies act 2013.
3. Explain the various methods of redemption of debentures.
4. Explain the circumstances under which valuation of shares is essential and discuss the various method of valuation by giving merits and demerits of each method.
5. Flamingo Ltd. Offered for public subscription 5,000 equity shares of Rs. 10 each at a premium of Rs. 2.50 per share payable as follows :
On Application Rs. 2 per share, On Allotment Rs. 4.50 per share (including premium), On First Call Rs. 4 per share, On Second Call Rs. 2 per share.
Applications were received for 7,500 shares and allotment was made pro-rata to applicants for 5,000 shares, letters of regret being issued for the remaining applications. Money over paid on application by the allottees was adjusted with allotment money. Rahim to whom 100 shares were allotted failed to pay the allotment money and on his failure to pay first call, his shares were forfeited.
Haq, the holder of 150 shares failed to pay last two calls and his shares were forfeited after the second call was made. Of the shares forfeited, 200 were allotted as fully paid up to Karim for Rs. 8 per share paid in cash.
Show the Journal Entries to record the forfeiture and reissue of forfeited shares including those relating to cash, assuming that whole of Rahim's shares have been reissued.
6. ABC Ltd. was incorporated $01 / 05 / 2017$ to take over the business of DEF and Co. from $01 / 01 / 2017$. Figures as given by ABC Ltd. for the year ending 31/12/2017 are as under :

|  | Rs. |  | Rs. |
| :--- | ---: | :--- | ---: |
| To rent and taxes | 90,000 | By gross profit | $10,64,000$ |
| To salaries including manager's salary <br> of Rs. 85,000 | $3,31,000$ | By interest on investments | 36,000 |
| To carriage outward | 14,000 |  |  |
| To printing and stationary | 18,000 |  |  |
| To interest on debentures | 25,000 |  |  |
| To sales commission | 30,800 |  |  |
| To Bad debts (related to sales) | 91,000 |  |  |
| To underwriting commission | 26,000 |  |  |
| To preliminary expenses | 28,000 |  |  |
| To Audit fees | 45,000 |  | $\mathbf{1 1 , 0 0 , 0 0 0}$ |
| To loss on sale of Investments | 11,200 |  |  |
| To net profit | $3,90,000$ |  |  |
| Total | $\mathbf{1 1 , 0 0 , 0 0 0}$ | Total |  |

Prepare a statement of profit and loss showing allocation of pre-incorporation and postincorporation profits after considering the following information :
a) G.P. ratio was constant throughout the year.
b) Sales for January and October were $3 / 2$ times the average monthly sales while sales for December were twice the average monthly sales.
c) Baa debts are shown after adjusting a recovery of Rs. 7,000 of Bad debt for a sale made in July, 2015.
d) All Investments were sold in April, 2017.
e) Manager's Salary was increased by 2,000 p.m. from 01/05/2017.
7. Following balances are extracted on 31st March, 2016 from the books of CEE BEE Ltd.

|  | Rs. |  | Rs. |
| :--- | ---: | :--- | ---: |
| Factory premises at cost | $4,50,000$ | Share capital : <br> $30,000,7 \%$ Preference <br> Shares of Rs. 10 each <br> 60,000 equity shares of Rs. <br> 10 each | $3,00,000$ |
| Plant and Machinery at cost | $3,49,160$ | Surplus A/C | $6,00,000$ |
| Motor Lorries at cost | 73,000 | Gross Profit for the year | $2,46,640$ |
| Sundry Debtors | $1,21,780$ | Provision for doubtful debts | 9,000 |
| Bad debts written off | 2,850 | Sundry Creditors | $1,29,640$ |
| Rent, Rates and Taxes | 28,400 | Transfer Fees | 110 |
| Advertisement | 19,500 | Accrued Wages | 12,840 |
| Cash in Hand and in Bank | 68,500 | Staff benevolent fund | 17,900 |
| Director's Fees | 3,600 |  |  |
| Audit Fees | 10,000 |  |  |
| Stock on 31.03.2016 | $1,14,600$ |  |  |
| Rent and Taxes paid in advance | 7,980 |  |  |
| Salaries and Wages | 32,000 |  | $\mathbf{1 3 , 3 2 , 3 7 0}$ |
| Dividends paid on : <br> On Preference Shares : <br> On Equity Shares (Interim) | 21,000 |  |  |
| Patents | 15,000 |  | 15,000 |

The provision of doubtful debts is to be made upto Rs. 10,200. The factory Premises, Plant and Machinery and Motor Lorries are to be depreciated by $3 \%, 15 \%$ and $20 \%$ respectively. The Authorized Capital of the company is Rs. 10,00,000 divided into $1,00,000$ shares of Rs. 10 each. You are required to prepare:
a) Statement of Profit and Loss Account.
b) Balance sheet in the form prescribed under companies act, 2013. You need not required corporate dividend tax.

NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.

