

**SUBJECT CODE NO:- C-3041**  
**FACULTY OF COMMERCE AND MANAGEMENT**  
**B. Com S. Y (Sem-III)**  
**Examination November/December- 2022**  
**Corporate Account-I- III**

[Time: 3:00 Hours]

[Max. Marks: 80]

Please check whether you have got the right question paper.

N.B

1. Q. 1 is compulsory
2. Attempt any four questions from Q. 2 to Q. 7.
3. Use of calculator is allowed

Q. 1

A) Select the most appropriate answer:

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- 1) Pre profit is \_\_\_\_\_
  - a) Before in corporation
  - b) After incorporation
  - c) Middle incorporation
  - d) None of these
- 2) Trading account consists \_\_\_\_\_
  - a) Profit & loss App. A/C
  - b) Profit & loss A/c
  - c) Reserve fund
  - d) A & B
- 3) \_\_\_\_\_ is debited in case of issue of debenture.
  - a) Bank A/C
  - b) Discount A/C
  - c) Premium A/C
  - d) Capital A/C
- 4) Premium is given on \_\_\_\_\_
  - a) Issue of shares
  - b) Issue of debenture
  - c) Redemption of debenture
  - d) All
- 5) Redemption is done by using \_\_\_\_\_
  - a) Fresh issue
  - b) Out of profit
  - c) A & B
  - d) None of these

B) Answer the following question in one sentence each.

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- 1) What is redemption
- 2) What is capital profit?
- 3) What is pre incorporation?
- 4) What is preference share?
- 5) What is debenture?

C) Fill in the blanks and rewrite the sentence:

05

- 1) D. E. E. stands for \_\_\_\_\_
- 2) Total types of debentures \_\_\_\_\_
- 3) If credit sides are more than debit side of trading account. It is called \_\_\_\_\_
- 4) Net gain is created on \_\_\_\_\_
- 5) Pro-rata allotment is on \_\_\_\_\_.

D) State the following statements are whether true or false:

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- 1) Pro-rata allotment is on under subscription.
- 2) Sinking fund is created to repayment of debenture holder.
- 3) Interest on capital is taken as post incorporation.
- 4) Forfeited shares are reissued.

5) Time ratio is taken for office administrative expenses.

Q. 2 Following is the balance sheet of Sindhu co. ltd. As 31<sup>st</sup> Dec. 2018.

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Dr.

Cr.

Liabilities	₹	Assets	₹
Share capital: 3000 equity share of ₹ 100 each	3,00,000	Sundry Assets	5,70,000
2,000 6% Redeemable preference shares of ₹100 each	2,00,000	cash at Banks	1,00,000
Share premium	40,000		
Profit & loss A/C	1,10,000		
Sundry creditor	20,000		
	6,70,000		6,70,000

The company decided-

- 1) To redeem the preference shares at a premium of 2 %
  - 2) To issue 1,500 Equity shares of ₹ 100 each at par and to use the proceeds for redemption.
  - 3) To use the profits of the company for the balance of the amount required for redemption.
- Pass journal entries and prepare the balance sheet immediately after redemption

Q. 3 The following is the trial balance of sunlight company ltd. As on 31<sup>st</sup> December 2018.

Trial Balance  
As on 31<sup>st</sup> December. 2018

Debit Balance	₹	Credit Balance	₹
Building	60,000	Fully paid	
Machinery	70,000	Share capital	1,00,000
Motor	35,000	Sales	1,10,000
Cash	3,000	Sundry creditors	11,000
Traveling Exp.	4,000	Commission	4,000
Discount	2,000	Bank overdraft	15,000
Bank Interest	500	Profit & loss A/C	25,000
Salaries	20,500	(1-1-2018)	
Sundry Debtors	10,000		
Interim Dividend	6,000		
Audit fees	2,000		
Director's –			
Remuneration	3,000		
Repairs	2,000		
Wages	7,500		
Opening stock	6,500		
Purchase	30,000		
Printing & stationary	3,000		
	2,65,000		2,65,000

Adjustment:

- 1) Closing stock on 31<sup>st</sup> December, 2018 was ₹ 8,000
- 2) Charge Depreciation on Machinery by ₹ 3,000 and on motor by ₹ 700
- 3) Outstanding wages ₹ 1,500
- 4) Directors declare a final dividend at 20% on paid up capital.
- 5) Create a reserve for doubtful debts at 5% on debtors

The Authorized capital of the company was ₹ 3,00,000 divided into 3000 Equity shares.

Prepare the final Account of the company for the year ending 31<sup>st</sup> December, 2018.

Q.4 Mahindra Trading company ltd. Issued 3,000 shares of ₹ 20 each at a premium of ₹ 5 per share. 15

The amount was payable as follows:

On Application	₹ 5
On allotment	₹ 10 (including pre.)
On first & second call	₹ 10

The company received application for 2000 shares. All Applications were accepted

The directors made first & second call and collected the exception of 300 shares.

Expenses issue of share amounted to ₹ 400.

Pass Journal Entries and show Balance sheet.

Q.5 On 1<sup>st</sup> April 2013 the ABC Ltd. Issued Debentures for ₹ 5,00,000. Redeemable at par on 1<sup>st</sup> April 2018. It was decided to establish a sinking fund for the purpose of redemption.

Show the ledger Accounts to each 5% interest net and that the amount annually set aside is ₹ 90,415. Prepare Debenture redemption fund A/C and Debenture redemption fund investment A/C.

Q.6 The Ashoka Industry Limited was Incorporated on 1<sup>st</sup> may 2019, to take over, the business from 1<sup>st</sup> January 2019.

The profit & loss account of the Ashoka Industry Ltd for the year ended 31<sup>st</sup> December 2019, was as follows.

Dr.		Cr.	
Particulars	₹	Particulars	₹
To Salaries	43,200	By Gross Profit	1,86,000
To Rent & Taxes	14,400		
To Insurance	3,600		
To Electricity charge	2,880		
To Directors fees	3,600		
To Auditors fees	1,920		
To commission	7,200		
To Advertisement	4,800		
To Discount	4,200		
To office Exp.	9,000		
To carriage	3,600		
To Bank charges	1,800		
To preliminary Expenses	7,800		
To Bad Debts	2,400		
To Interest on loan	3,600		
To net profit	72,000		
	1,86,000		1,86,000

The total Turnover for the year 31<sup>st</sup> December, 2019 was ₹6,00,000 Divided into ₹ 2,40,000. For the period up to 1<sup>st</sup> May, 2019 and ₹ 3,60,000 for the remaining period Ascertain the profit earned in the pre and post incorporation periods.

Q.7 Short notes (Attempt any three)

- 1) Capital profit
- 2) Calls in arrears
- 3) Profit prior to incorporation
- 4) Source of Redemption
- 5) Issue of shares.

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