

TILAK MAHARASHTRA VIDYAPEETH

(Department of Distance Education)

S.Y. B.Com Home Assignment – May 2011-12

Subject : Corporate Accounting

Subject Code:- C-212

Instructions:

1) All questions carry equal marks (16 marks each)

2) All questions are compulsory

Q.1. Write short notes on:

- a) Authorised capital
- b) Issued capital
- c) Subscribed capital
- d) Called up capital
- e) Paid up capital
- f) Debentures
- g) Forfeiture of shares
- h) Preference share

Q.2. Kiran Industries Ltd. was registered with authorized capital of Rs. 5,00,000 divided into 50,000 Equity Shares of Rs. 10/- each. Board of Directors issued for subscription 25,000 shares of Rs. 10/- each payable as follows:

Rs. 2.50 on application

Rs. 3.00 on allotment

Rs. 2.00 on First call

Rs. 2.50 on Final call

The applications were received for 30,000 shares and pro-rata allotment was made. All the amount due was received on allotment with the exception of Mr. Raju who was allotted 200 shares. The first call was made subsequently and money were received as follows:

- (i) Mr. Raju did not pay the first call.
- (ii) Mr. Mahendra was allotted 400 shares paid the entire amount due on his shares.

The directors forfeited the share allotted to Mr. Raju and reallocated them to Mr. Sanju at Rs. 5/- per share. (Final call is not so far made).

Pass necessary Journal entries in the books of Kiran Industries Ltd.

Q.3. Bharat Ltd. was incorporated on 1st July 04, to take over the remaining business of MR. Sharma with effect from 1st April 04. The following Profit and Loss Account for the year ended 31st March 2005 was drawn up:

Profit and Loss Account

	Rs.		Rs.
To Commission	2,800	By Gross Profit b/d	98,000
To Advertisement	4,900	By Bad Debts recovered	650
To Managing Directors' remuneration	9,000		
To Depreciation	2,800		
To Salaries	18,000		
To Insurance	600		
To Preliminary Expenses	700		
To Rent and Taxes	3,050		
To Discount	700		
To Bad Debts	1,100		
To Net Profit	55,000		
	98,650		98,650

The following additional details are available:

- i) The average monthly turnover from July'04 onward was double than that of the previous months.
 - ii) Rent for the first three months was paid at Rs. 200 p.m. and thereafter at a rate incased by Rs. 50 p.m.
 - iii) Bad Debts Rs. 400 related to the sales after 1st September 2004 and the recovery of Bad Debts was in respect of debts written off during the year 2003.
 - iv) Advertisement Expenses were directly proportionate to the sales.
- You are required to find out the profit prior to incorporation.

Q.4. State whether each of the following statement is 'True' or 'False'.

1. No dividend can be paid on calls in advance.
2. Managerial remuneration is to be calculated before providing for taxation.
3. Any dividend remaining unclaimed after three years from the date on which it became due can be transferred to capital reserve.
4. Issue of bonus shares is not permissible unless the existing partly paid-up ares are made fully paid-up.
5. Dividend can be declared after providing only for current year's depreciation.

Q.5. Y Ltd. went into voluntary liquidation as on 31-03-2009, on which date it's Balance Sheet was as follows:

Balance Sheet

Liabilities	Amount	Assets	Amount
Share Capital: 4800 eq.shares of Rs. 50	2,40,000	Land and Building	90,000
Unsecured Loans	22,000	Plant and Machinery	1,56,000
Creditors:		Stock	42,000
Partly Secured	70,000	Debtors	32,000
Pref. Creditors	4,100	Cash in Hand	10,000
Unsecured	38,900	P & L A/c	45,000
TOTAL	3,75,000	TOTAL	3,75,000

The Liquidator realized the assets as follows:

1. Land & Bldg. Rs. 65,000 (which was used for paying partly secured creditors), Plant & Machinery 102,000; Stock 31,000; Debtors 22,000; Cash 10,000.
2. The liquidation expenses amounted to Rs. 200
3. The liquidators remuneration was fix 2% on asset including cash and 5 % on the amount return to the shareholders.

You are required to prepare the liquidators final statement A/c.

Q.6. Balance sheet of Maharashtra Traders Ltd. as on 31-03-2009.

Liabilities	Amount	Assets	Amount
Share Capital: 2000, 5% Pref. Shares of Rs. 100 each	2,00,000	Goodwill	15,000
40,000 eq.shares of Rs. 100 each	4,00,000	Freehold property	2,00,000
6% Debentures	1,00,000	Machinery	3,00,000
Bank O/D	50,000	Stock	50,000
Creditors	1,00,000	Debtors	40,000
		P & L A/c	2,40,000
		Cash	5000
	8,50,000		8,50,000

Following Capital Reduction is approved by Court:

1. Pref. hares reduced to Rs.75.
2. Eq. Shares reduced to Rs.40 fully paid-up.
3. Deb. Holders took stock and Debtors in full satisfaction of amount due to them.
4. P & L and Goodwill written off.
5. Free hold property to be increased by 30%.
6. Machinery to be depreciated by 33.33%.
7. Expenses of reconstruction amounted to Rs. 3000.

