

# HERAMB COACHING CLASSES

TYBCOM/FINANCIAL ACCOUNTING/ 11/11/17

MARKS: 75

TIME: 2 ½ HOURS

## Q.1. (A) Multiple Choice Questions

(7)

(ii) The existing 1,000 shares of Rs.100 each are altered to 10,000 shares of Rs. 10 each. It is known as  
 a) Consolidation    b) Sub-division    c) Conservation in stock    d) Surrender

(iv) When dividend actually received on the due date

- The entire amount is entered in the capital column (Cr.) of the investment.
- The entire amount is entered in the capital column (Dr.) of the investment.
- The pro-rata amount relating to the period after the date of acquisition is entered in the income column (Cr.) of the investment a/c.
- The pro-rata amount relating to the period before the date of acquisition is entered in the income column (Cr.) of the investment a/c.

## Q.1. (b) State True or False

(8)

- In the case of amalgamation there are two or more liquidation or one formation.
- A company cannot sub divide shares of larger denomination in to shares of smaller denomination.
- IFRS 14 deals with Regulatory Deferral Accounts.
- The brokerage is payable for each items of investment is necessary
- IFRS 12 deals with operating segment.
- Profit on acquisition of business is transferred to capital reserve account.
- All investment transaction are presumed cum- interest unless otherwise stated.
- IFRS 8 deals with Regulatory Deferral Accounts.

**Q.2.** M/s Sanjay Co Ltd id a registered company with an authorized share capital of Rs 70,000 divided into 7,000 Equity Shares of Rs 10 each. Company's Trial Balance as on 31.03.2012 was as under: **(15)**

Debit Balance	Rs	Credit Balance	Rs
Building (Cost Rs 50,000)	40,000	<u>Share Capital</u>	
Furniture (Cost Rs 5,000)	4,000	5,000 Equity Shares of Rs. 10 each	50,000
Vehicle (Cost Rs 10,000)	6,500	6% Debentures of Rs. 100 each	10,000
Equity Shares of Companies (Market Value Rs 22,000)	20,000	Provision for Tax (Accounting year 2010-11)	10,000
500 8% Preference Shares of Rs 10 each, Rs 6 per share paid up)	3,000	Sundry Creditors	7,500
Stock in trade at cost	20,000	Bills Payable	4,000
Sundry Debtors	14,000	General Reserves	10,000
Cash at Bank	8,750	Profit and Loss Statement (1.4.11)	2,000
Shares Issue Expenses	400	Gross Profit	55,000
Salaries	10,000	Dividend on Shares	700
Directors Sitting Fees	400		
Audit Fees	650		
Debenture Interest	500		
<u>Advance Payment of Income Tax:</u>			
Accounting Year 2010-11	9,000		
Accounting Year 2011-12	9,000		
Advance against construction of building	3,000		

	1,49,200	1,49,200
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Adjustment:

- (1) Provide 10% Depreciation p.a. on cost of Fixed Assets
- (2) Provide Rs. 10,000 in respect of taxation liability for the year 2011-12
- (3) Dividend is proposed for the year @10%
- (4) Sundry Debtors include Debts which are due for more than 6 months Rs. 4,000
- (5) Income tax assessment for the accounting year 2010-11 has been completed with a gross demand of Rs. 11,000

Prepare Profit and Loss statement for the year 31.03.2012 and Balance Sheet as on that as per the provision of the Companies Act taking into consideration the above mentioned adjustments.

**OR**

**Q.2.** Following is the Balance Sheet of S Ltd. As on 31-03-2005: **(15)**

Liabilities	Rs.	Assets	Rs.
<u>Share capital:</u>		<u>Fixed Assets:</u>	
6,000 8% Preference shares of Rs.100 each	6,00,000	Goodwill	60,000
50,000 Equity Shares of Rs.10 each	5,00,000	Patents & Trade Marks	40,000
<u>Reserve &amp; Surplus:</u>		Building	3,00,000
Capital Reserves	50,000	Plant & Machinery	3,00,000
<u>Secured Loans:</u>		Furniture	1,00,000
5% Debentures of Rs.100 each	3,00,000	<u>Current Assets:</u>	
Debentures Interest Due	50,000	Stock	1,50,000
<u>Current Liabilities:</u>		Sundry Debtors	75,000
Sundry Creditors	1,80,000	Bank	1,00,000
		Cash	25,000
		<u>Miscellaneous Expenditure:</u>	
		Discount on Debentures	30,000
		Profit & Loss Account	5,00,000
	16,80,000		16,80,000

Note: Preference Dividend is in arrears for three years.

The following scheme of reconstruction was prepared and duly approved by the court.

- a) Preference shares shall be converted into equal number of 9% Preference Shares of Rs.50 each.
- b) The equity share shall be reduced to Rs.3 each. However, the face value will remain the same.
- c) 5% Debentures shall be converted into equal number of 6% Debentures of Rs.75 each. The debenture holder also agreed to waive 50% of the accrued interest.
- d) An arrears of preference dividend is to be reduced one year's dividend which is paid in cash.
- e) The Sundry creditors agreed to waive 30% of their claims and to accept Equity share for Rs.30,000 in part settlement of their renewed claims.
- f) The assets are to be revalued as under:

Building	Rs. 3,50,000	Plant & Machinery	Rs. 2,50,000
Furniture	Rs. 80,000	Stock	Rs. 1,00,000
Sundry Debtors	Rs. 70,000		
- g) Intangible Assets and fictitious assets are to be written off.

Prepare Capital Reduction Account and Balance Sheet after reconstruction

**Q.3.** On 1.4.2010 Aditya had Rs 50,000 equity shares in T Ltd. The face value of the shares was Rs 10 each but the book value was Rs 24 per share.

On 1.6.2010, Aditya purchased 10,000 equity shares in T Ltd at a premium of Rs 6 per share

On 1.7. 2010, the directors of T Ltd issued bonus shares at the rate of one share for every three shares held

On 1.1.2011 Aditya purchased 5,000 right shares of T Ltd of Rs 10 each at Rs 15 per share

On 31.1.2011 he sold 20,000 equity shares in T Ltd of Rs 10 each at Rs 30 per share

Show Investment A/c as it would appear in Aditya's book for the year ended 31.3.2011.

**(15)**

**OR**

**Q.3.** M/s Amol Investment Co Ltd submit the following details regarding one of their investments for the year ended 31<sup>st</sup> Dec 2011.

Opening Balance on 1.1.2011 Face Value Rs 80,000 Cost Price 82,400

Purchase:

1.5. 2011 Face Value Rs 40,000 Cum Interest at 3% Discount

1.11.2011 Face Value Rs 36,000 Ex- Interest at 2% Discount

Sales:

1.8.2011 Face Value Rs 42,000 Ex- Interest at 2% Premium

1.12.2011 Face Value Rs 30,000 Cum Interest at 3% Premium

Market price of Investment at 3% premium on 31<sup>st</sup> December 2011. Investments carry interest at 5% per annum payable on every 31<sup>st</sup> March and 30<sup>th</sup> September. **(15)**