

HERAMB COACHING CLASSES

S.Y.B.COM/ FA

MARKS: 100

DURATION: 3 HOURS

DATE: 02.04.2019

NOTE: 1) All questions are compulsory.

2) Q.1 and Q.6 carries 20 marks.

3) Q.2, 3, 4 and 5 carries 15 marks.

4) Use the simple calculator is allowed.

Q.1 A) MULTIPLE CHOISE QUESTIONS. (Any 10)

(10)

- 1) RBI is a _____.
a) Statutory company b) registered company c) listed company d) chartered company
- 2) Discounted bill of exchange is a _____.
a) Contingent liability b) current liability c) non-current liability c) fixed liability
- 3) Partly paid shares can be made fully paid by capitalizing _____.
a) General reserves b) security premium c) capital redemption reserve d) all of these
- 4) Bonus shares cannot be used by capitalizing _____.
a) Revaluation reserve b) capital reserve c) security premium d) general reserve
- 5) Discount on issue of debenture is a _____.
a) Capital Loss b) Capital Profit c) Revenue loss d) revenue profit
- 6) The companies Act 2013 _____.
a) Prescribe restriction on issue of debentures at discount.
b) Does not prescribe any restrictions on issue of debenture at discount.
c) Provides no issue of debentures at discount.
d) All of the above.
- 7) The reserves cannot be transferred to capital redemption reserve _____.
a) Securities premium account b) Profit prior to incorporation
c) Revaluation reserve d) All of the above
- 8) A company can issue _____.
a) Only redeemable preference shares b) only irredeemable preference shares
c) Only deferred shares d) All of the above
- 9) Debentures may be redeemed out of _____.
a) Capital b) Profit c) Conversion into shares d) All of the above
- 10) Capital reserve is _____.
a) Current year profit b) Past accumulated profit c) Capital profit d) Divisible profit
- 11) For computation of pre-incorporation profit carriage on purchase is _____.
a) Allocated is sales ratio b) Allocated in purchase ratio
c) Debited to pre incorporation period d) Debited to post incorporation period
- 12) For computation of pre incorporation profit travelling expenses are allocated in _____.
a) Pre incorporation period b) Post incorporation period
c) In sales ratio d) In time ratio

Q.1 B) True or False (Any 10)

(10)

1. Loose tools are shown under current liabilities.
2. Short terms loan is the loan due for more than 5 years.
3. Calls in arrears is added to subscribe capital.
4. The document inviting offer from public for subscription is share certificate.
5. Rate of underwriting commission in case of debentures cannot exceed 10%.
6. Issue of debentures must be sanctioned by state government.
7. Capital redemption reserve is used for payment of dividend.

8. Capital reserve is a divisible profit.
9. Preference shareholders have voting rights.
10. Preference shares may be convertible into equity shares.
11. For computation of pre incorporation profit advertisement expenses are allocated in time ratio.
12. Profit prior to incorporation is available for payment of dividend.

Q.2. The balance sheet of straight Ltd. as on 31st march 2017 was as under: **(15)**

Liabilities	Rs.	Assets	Rs.
Share Capital:		Fixed Assets	15,00,000
25,000 Equity shares of Rs. 100 each fully paid	25,00,000	Investments (M.V. Rs. 10,10,000)	10,00,000
10,000 9% redeemable preference shares of Rs. 100 each Rs. 90 per share paid up	9,00,000	Bank Balance	50,000
General reserve	3,00,000	Other current assets	20,20,000
Profit and Loss account	3,19,000		
Dividend Equalization Reserve	2,00,000		
Sundry creditors	3,51,000		
	45,70,000		45,70,000

On 1st April 2017, the company made a call of Rs. 10 each on its preference shares and call money was duly received. All preference shares were redeemed at a premium of 2%. The company sold all its investment at market value. For the purpose of redemption, the company issued minimum number of equity shares at a premium of 10 % after utilizing available resources to the maximum extent, keeping in view the provision of the companies Act, 2013. All preference shareholders were paid off, except one shareholder holding 150 preference shares.

Pass Journal Entries in the books of the company assuming that redemption is duly carried out.

OR

Q.2. Following is the balance sheet of moonlight ltd. as on 31st march, 2017. **(15)**

Liabilities	Rs.	Assets	Rs.
2000 - 8% redeemable preference shares of Rs. 100 each fully paid	2,00,000	Fixed assets	15,75,000
1,00,000 Equity shares of Rs. 10 each, fully paid	10,00,000	Bank	2,18,000
Securities Premium	35,000	Investment (M.V. Rs. 1,90,000)	1,50,000
Profit and loss account	4,50,000		
Sundry Creditors	2,58,000		
	19,43,000		19,43,000

On the above date directors of the company took the following steps to redeem 8%.

Preference share at a premium of 5%:

- a) The company issued 4,000 equity shares of rs. 10 at a premium of rs. 2 per share for the purpose of redemption of preference shares.
- b) Investment were sold at market price.
- c) All the payments were made to the preference shareholders except those holding 100 shares who could not be traced.

You are required to pass necessary journal entries in the books of moonlight ltd. complying with requirements Act 2013.

Q.3. Roshan Ltd. gave notice to its intension to redeem its outstanding rs. 4,00,000, 8% debenture at Rs. 105 (nominal value Rs. 100) and offered the following options to the holders:

- a) 11% preference share of Rs. 40/- each at rs. 50 per share.
 - b) 10% debenture at Rs. 100 (at par)
 - c) To have their holding redeemed for cash. Assume redemption out profit only.
- 1) The holders of Rs. 1,40,000 debentures accepted options (a).
 - 2) The holders of Rs. 1,60,000 debentures accepted options (b).
 - 3) The remaining debenture holders accepted option (c).

Pass the necessary journal entries in the books of Roshan Ltd.

(15)

OR

Q.3.The following balance appeared in the books of Paradise Ltd. on 01-04-2012:

1. 12% debentures Rs. 7,50,000.
2. Balance of sinking fund Rs. 6,00,000.
3. Sinking fund investment Rs. 6,00,000 represented by 10% Rs. 6,50,000 secured bonds of government of India.

Annual contribution to the sinking fund was Rs. 1,20,000 made on 31st march every year. On 31.03.2013 balance at bank was Rs. 3,00,000 before receipt of interest. The company sold the investment at 90% for redemption at a premium of 10% on the above date.

You are required to prepare the following accounts for the year ended 31st march 2013.

1. Debentures Account
2. Sinking Fund Account
3. Sinking fund investment account
4. Bank Account
5. Debentureholders account

(15)

Q.4. A limited a trading company decided that the value of its building could be used to provide additional working capital, the balance sheet of the company as on 31st march 2018 was as under: **(15)**

Liabilities	Rs.	Assets	Rs.
Paid up capital:		Fixed assets:	
10,000 equity shares of Rs. 10 each	1,00,000	Building Cost	2,00,000
5,000 12% redeemable preference shares of Rs. 10 each	50,000	Less: Depreciation	<u>40,000</u>
Reserves & provisions:		Furniture at Cost	90,000
Profit and Loss Account	1,35,000	Less: Depreciation	<u>30,000</u>
Secured Loans:		Current assets, Loans & Advances:	
12% debentures	70,000	Stock	58,000
Unsecured Loans:	nil	Debtors	52,000
Current liabilities & Provisions:		Bank	65,000
Creditors	40,000		
	3,95,000		3,95,000

Depreciation on building has been provided at 2% per annum on cost. The following action was taken.

- a) The building was sold for Rs. 2,20,000 to another company, who leased it back to a limited for 21 years at annual re of Rs. 16,000.
- b) 12% debentures were discharged at a premium of 10%.
- c) Preference shares were redeemed at a premium of 10%.

The directors expected that the profit of the company will further increase by Rs. 20,000 for the coming year due to change in working capital.

You are required to draft the necessary journal entries to record the above transactions.

OR

Q.4 On 1st January, 2013 XYZ Ltd. Issued 10,000 fifteen years debentures of Rs. 100 each bearing interest at 10% p.a. One of the condition of issue was that the company could redeem the debentures by giving six months' notice at any time after 5 years, at a premium of 4%, either by payment in cash or allotment of preference shares and/ or other debenture at the option of the Debentureholders.

On 1st April, 2018 the company gave the notice to the Debentureholders of its intention to redeem the debentures on 1st October, 2018 either by payment in cash or by allotment of 11% preference shares of Rs.100 each at Rs. 130 per shares or 11% second debentures of Rs.100 at Rs. 96 per debenture.

Holder of 4,000 debentures accepted the offer of the preference share; holders of 4,800 debentures accepted the offer of the 11% second debentures and the rest demanded cash on 1st October, 2018.

Required:

Give the journal entries to give the effect of the above as of 1st October, 2018. Suggest how discount on issue of debenture can be dealt in the accounts. Ignore interest. **(15)**

Q.5 ABC Ltd. was incorporated to take over the running business of BC and CI brothers with effect from 1st April, 2017. The company was incorporated on 1st August, 2017.

The following information was available from the books of accounts, which were closed on 31st March, 2018.

Particulars	Rs.
Gross profit	7,00,000
Shares transferred fees received	10,000
Expenses:	
Office salaries	2,10,000
Partner's salaries	60,000
Advertising	63,000
Printing stationary	15,000
Travelling expenses	40,000
Office rent	96,000
Auditor's remuneration	6,000
Director's fees	10,000
Bad debts	12,000
Sales commission	49,000
Preliminary expenses	7,000
Debenture interest	16,000
Interest on capital	18,000
Depreciation	21,000

Additional information:

1) Monthly sales were Rs. 50,00,000 for pre- incorporation period, while total sales for the year were Rs. 70,00,000.

The sales were arose evenly throughout the concern periods.

2) Office rent was Rs. 84,000 p.a. upto 30th September, 2017.

3) Travelling expenses include Rs. 7,000 towards sales promotion.

4) Author's remuneration was payable for the whole year.

5) Bad debts written off included a debt of Rs. 4,000 taken over from the vendor, while the remaining were in respect of goods sold in September, 2017.

6) Depreciation includes Rs. 6,000 for asset required in the post incorporation period.

Prepare profit and loss account for the year ended 31st March, 2018 in the columnar form showing profit/ loss for the pre and post incorporation period. **(15)**

OR

Q.5 Nishan Ltd. was incorporated on 1st August, 2017 to acquire a business as on 1st April, 2017. The first account were closed on 31st March, 2018. The following items appeared in the profit and loss account.

Profit and loss A/c
For the year ended 31st March, 2018

Particulars	Rs.	Particulars	Rs.
Director's fees	49,000	Gross profit	9,60,000
Rent	85,500		
Bad debts	12,000		
Salaries	1,83,000		
Interest on debentures	24,000		
Depreciation	66,000		
Preliminary expenses	42,000		
General expenses	49,200		
Commission on sales	36,000		
Printing and stationary	93,000		
Advertising	1,20,500		
Audit fees	58,600		
Carriage outwards	72,800		
Electricity charges	44,400		
Insurance premium	24,000		
	9,60,000		9,60,000

Additional information:

- 1) Rent is paid on the basis of floor space occupied. The floor space occupied was doubled in the post incorporation period.
 - 2) Sales for the each month of December, 2017 to March, 2018 were doubled the monthly sales of April to November, 2017.
 - 3) Bad debts Rs. 500 were in respect of sales effected two year ago.
 - 4) Mr. Amit was working partner in the firm entitled to the remuneration @Rs. 12,000 p.m. from 1st August,2017 he was a managing director of the company entitled to the salary @Rs. 15,000 p.m. The remaining salary is to two clerk employed during the period 1st July to 30th November, 2017.
- You are required to prepare the profit and loss account for the year ended 31st March, 2018 and show pre and post incorporation profit or loss. **(15)**

Q.6 a) Explain the different types of debentures. **(10)**

b) What rules must be compiled for issue of bonus shares. **(10)**

OR

Q.6 Write short notes: (any 4) **(20)**

- 1) Sources of bonus shares
- 2) Sweat equity shares
- 3) Issue of debentures as collateral security
- 4) Divisible profit
- 5) Profit prior to incorporation
- 6) Writing off discount on issue of debentures.

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