

[Time: 3.00 Hrs.]**[Marks:100]**

Please check whether you have got the right question paper.

- N.B:
1. All question are compulsory.
 2. Figures to the right indicate full marks.
 3. Use of simple calculator is allowed.
 4. Working Notes should form part of main answer.

Q.1A State whether the following statements are TRUE or FALSE (**Any Ten**) **10**

1. A public company must have minimum paid up capital of five lakhs rupees and above.
2. Forfeited shares cannot be issued at premium.
3. Debenture holders are members of the company.
4. Partly paid preference shares cannot be redeemed.
5. Debentures can be forfeited for non-payment of calls.
6. Loss prior to incorporation is charged to profit and Loss account.
7. Preference shareholders are creditors of the company.
8. A share application is a personal account.
9. After redemption of debentures balance of Debenture Redemption Reserve is transferred to General Reserve.
10. Time Ratio is ratio of number of months before and after incorporation.
11. Depreciation is allocated on the basis of time ratio.
12. Premium on redemption of redeemable preference shares must be debited to profits only.

Q.1B Match the following (**Any Ten**) **10**

COLUMN "A"	COLUMN "B"
1) Advertisement	a) Share of Rs 100 issued at Rs 110
2) Preliminary Expenses w/off	b) Divided in Time Ratio
3) Issue of Share at par	c) Post-incorporation expenditure
4) Private company	d) Divided in sales ratio
5) Shares issued at premium	e) Shares not freely transferable
6) Loss before incorporation	f) Transferred to Goodwill account
7) Salary to vendor	g) Pre-incorporation expenditure
8) Profit on forfeiture of share	h) Share of Rs 100 issued at Rs 100
9) Capital Redemption Reserve	i) Transferred to capital reserve A/c
10) Shares issued at discount	j) Can be used for issue of bonus shares
11) Audit fees	k) Used for creation CRR
12) General Reserve	l) Share of Rs 100 issued at Rs 90

Q.2A Following is the Balance Sheet of Akash Ltd.as on 31stMarch, 2019: **20**

Liabilities	Rs	Assets	Rs
-------------	----	--------	----

2,000 8 % Redeemable Preference Shares of Rs 100 each, fully paid	2,00,000	Fixed Assets	11,90,000
50,000 Equity Shares of Rs 10 each, fully paid	5,00,000	Bank	2,18,000
Securities Premium	50,000	Investments	1,50,000
Profit and Loss A/c	4,50,000	(Market Value, Rs 1,90,000)	
Sundry Creditors	3,58,000		
	<u>15,58,000</u>		<u>15,58,000</u>

- a) On the above date, the directors of the company took following steps to redeem 8 % Preference Shares at premium of 5 %.
- b) 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.
- c) Investment was sold at market values.
- d) All the payments were made to the Preference Shareholders except those holding 100 shares who could not be traced.

You are required to:

- i) Pass journal entries in the books of Prakash Ltd. with requirement of Companies Act, 2013.
- ii) Prepare the Balance sheet of the company after redemption of preference share.

OR

Q.2 B Vikas Ltd has 4,000 8 % Debentures of Rs 100 each due for redemption in four equal 20 annual instalments starting from 31st March 2017. Debenture Redemption Reserve A/c has balance of Rs 50,000 on that date. The company complied with the requirements with respect to investment made in Government Securities on 30th April 2016.

Record the necessary journal entries in the books of Vikas Ltd.

Q.3 A Vasant Ltd. was incorporated on 1st August 2017 to take over the running business of 20 M/s Ankush Bros. a partnership firm w.e.f. 1st April 2017. The following profit and Loss A/c for the year ended 31st March, 2018.

Profit and Loss A/c for the year ended 31st March, 2018.

Particulars	Rs	Particulars	Rs
To Office and Administrative Expenses	71,400	By Gross Profit	1,60,000
To Partners Salaries	16,100	By Share Transfer fees	2,000
To Selling and Distribution Expenses	24,800		
To Directors Fees	2,000		
To Deb, Interest	3,200		
To Interest on partner's Capital	3,600		

To Bank Charge	900		
To Preliminary Expenses	2,000		
To Net Profit	38,000		
	1,62,000		1,62,000

Additional Information:

Sales arose up to date of certificate of commencement of business. Thereafter they recorded an increase of two-third of the monthly sales.

Prepare Statement of Profit and Loss for the year ended 31st March, 2018, in a columnar form showing the profit or loss during 'Pre' and 'Post' incorporation period separately.

OR

Q.3B H.M Ltd. gave a notice of its intention to redeem 6 % Debenture, amounting to Rs 20 4,00,000 of Rs 100 each at Rs 102 and offered the debenture holders the following three options,

(a) 5 % Cumulative Preference shares of Rs 20 each at Rs 25 per share.

(b) 6 % debentures of Rs 100 each at Rs 96 and

(c) To have their holdings redeemed for cash.

Debenture holders for Rs 1,75,000 accepted proposal (a)

Debenture holders for Rs 1,44,000 accepted proposal (b)

Remaining debenture holders accepted the proposal (c)

Pass the necessary journal entries to record the above transactions in the books of the company. The redemption in cash, wherever applicable, was made fully out of profit.

Q.4A Vicky Pvt. Ltd was incorporated on 1st April, 2021. This company agreed to take 20 over business of M/s Jay Vijay & company as going concern, effective from 1st April, 2021. The agreement also provided that vendors are entitled to 60 % of profit (or loss if any) for the period up to 1st August, 2021. The Profit and Loss Account for the year ended 31st March, 2022 is:

Particulars	Rs	Particulars	Rs
To Opening Stock	30,000	By Sales	3,00,000
To Material consumed	1,20,000		
To Wages	30,000		
To Factory Expenses	42,000	By Closing Stock	42,000
To Gross Profit	1,20,000		
	3,42,000		3,42,000
To Salaries	30,000	By Gross Profit	1,20,000
To Rent	9,000	By Profit on sale of	20,000
To Office Expenses	6,000	Investment	
To Sales Commission	15,000		
To Bad Debts	5,000		
To Directors fees	8,000		
To Depreciation	18,000		

To Debenture Interest	8,000		
To Interest to vendor	6,000		
To Net Profit	35,000		
	1,40,000		1,40,000

Additional Information:

- 1) Monthly sales for October, 2018 to March 2019 is 150 % of the monthly sales for April 2018 to September 2018.
- 2) Bad debt is in respect of sales affected two years ago.
- 3) Investment was sold on 1st November, 2018.
- 4) Rent was increased from Rs 500 per month to Rs 1,000 per month effective from 1st October, 2018.

Prepare statement of Profit and Loss.

OR

Q.4B Following items appearing in the Balance Sheet of D N Ltd as on 31st March 2022: **20**

(a) Share Capital:

- Equity – Authorized – 5,00,000 shares of Rs 10 each
- Subscribed, called and paid up 4,00,000 shares of Rs 10 each
- Preference - Authorized, issued, subscribed and paid up – 12 % 60,000 shares of Rs 20 each fully paid.

(b) Investment – Rs 3,50,000

(c) Profit and Loss Account (Credit) balance Rs 7,00,000

It was further decided to redeem the preference shares at a premium of 5 % as on 31st March 2022. It was further decided to:

- (i) Sell investment for Rs 3,00,000
- (ii) Finance part of the redemption fully out of profit, subject to leaving a balance of Rs 1,40,000 in Profit and Loss Account and
- (iii) Issue sufficient number of Equity Shares at a premium of Rs 2 to raise the balance of the fund required. The above decisions have been carried out and the preference shares redeemed.

Give Journal entries to record the above transactions in the books of D N Ltd.

Q.5A Explain the difference between Equity shares and Preference Share **10**

B Explain the types of debentures. **10**

OR

Q.5C Write Short Notes on any **FOUR** of the following: **20**

- a) Divisible Profit
- b) Capital Redemption Reserve
- c) Redemption of Debenture out of Capital
- d) Columnar Profit and Loss Account
- e) Bonus Shares
- f) Terms of Issue of Debentures