

Q.P. Code:00000936

[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.1 A Fill in the blanks (Any Ten)

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1. One Person company may have _____ person as director.
2. The maximum tenure for debentures issued by Companies engaged in setting up infrastructure project is _____ years.
3. Inventories appear under _____ in Balance Sheet.
4. Interest is calculated on the _____ of the debentures
5. D.R.R. can be created out of _____ profits.
6. Capital Redemption Reserve may be used for issuing _____ shares.
7. A company limited by shares can issue preference shares for _____ years.
8. On redemption of debentures, the balance in DRR account is transferred to _____ account.
9. Discount/loss on issue of debentures is a _____ loss for the company.
10. Naked debentures are also known as _____ debentures.
11. Collateral security is a _____ security.
12. Forfeiture of shares results in _____ termination of membership.

Q.1 B State whether the following statements are True or False (Any Ten)

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1. A stock can be transferred in any fractions.
2. Forfeited shares cannot be reissued.
3. Offer for Sale of securities is not fresh issue of shares.
4. A company cannot issue secured debentures.
5. Debentures cannot be issued at a discount.
6. Debentures can be issued as a collateral security.
7. Partly paid preference shares can't be redeemed.
8. Dividends of a preference share are directly paid to the preference shareholders every year.
9. A company can issue only fully convertible debentures.
10. Discount/loss on issue of debentures is a capital loss for the company.
11. As per SEBI it is mandatory to create DRR for Infrastructure Companies.
12. On redemption of debentures, the balance in sinking fund account is transferred to P&L A/c.

Q.2 A Konkan Mills Limited has issued 1,50,000 12 % Preference shares of ₹ 10 Each. The shares are redeemable at a premium of 10 % on 31st March 2021. The company has enough balance in General reserve to provide funds for Redemption. The following are the transactions which took place.

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1. Issue of 50,000 Equity Shares of ₹ 10 each at a premium of ₹ 5 each.

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2. Sold off all the investments costing ₹ 2,50,000 for ₹ 3,50,000
 3. Issue of 3000, 10 % Debentures of ₹ 100 each at a par.
- Show journal entries in the books of Konkan Mills Limited

OR

Q.2 B Anant Industries Limited issued ₹ 38,00,000, 12 % Debentures of ₹ 100 each on 1st April 2019. It was decided at the time of issue of shared that the debentures were to be redeemed at 5% Premium on 30th June 2021. The company decided to transfer out of profits ₹ 5,50,000 to Debenture Redemption Reserve on 31st March 2020 and ₹ 4,00,000 on 31st March 2021 and make the necessary investments in time. Pass the necessary Journal Entries regarding the issue and redemption of debentures, without providing for either the interest or loss on issue of debentures. **20**

Q.3 A Jhonny Wines Limited issues 3500 12 % Debentures of ₹ 100 each. Give Journal Entries on issue if: **20**

1. The Debentures are issued at a par and redeemable at a par
2. The Debentures are issued 5 % Discount but redeemable at a par
3. The Debentures are issued 5 % Premium but redeemable at a par
4. The Debentures are issued 10 % Discount but redeemable at a premium of 5 %
5. The Debentures are issued at par but redeemable at a premium of 10 %

OR

Q.3 B Lotus Ltd. was incorporated on 1st July, 2021 to acquire a running business of Feel goods with effect from 1st April, 2021. During the year 2021-2022, the total sales were ₹ 48,00,000 of which ₹ 9,60,000 were for the first six months. The Gross profit of the company ₹ 7,81,600. The expenses charged to the Profit & Loss Statement included: **20**

- (i) Director's fees ₹ 60,000
- (ii) Bad debts ₹ 14,400
- (iii) Advertising ₹ 48,000 (under a contract amounting to ₹ 4,000 per month)
- (iv) Salaries and General Expenses ₹ 2,56,000
- (v) Preliminary Expenses written off ₹ 20,000
- (vi) Donation to a political party given by the company ₹ 20,000.

Prepare a statement showing pre-incorporation and post-incorporation profit for the year ended 31st March, 2022.

Q.4 A The promoters of Glorious Ltd. took over on behalf of the company a running business with effect from 1st April, 2021. The company got incorporated on 1st August, 2021. The annual accounts were made up to 31st March, 2022 which revealed that the sales for the whole year totaled ₹ 1,600 lakhs out of which sales till 31st July, 2021 were for ₹ 400 lakhs. Gross profit ratio was 25%.

The expenses from 1st April 2021, till 31st March, 2022 were as follows:

Expenses	(₹ in lakhs)
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Salaries	69
Rent, Rates and Insurance	24
Sundry Office Expenses	66
Travellers' Commission	16
Discount Allowed	12
Bad Debts	4
Directors' Fee	25
Tax Audit Fee	9
Depreciation on Machinery	12
Debenture Interest	11

Prepare a statement showing the calculation of Profits for the pre-incorporation and post-incorporation periods

OR

Q.4 B C Limited had 3,000, 12% Redeemable Preference Shares of ₹100 each, fully paid up. The company had to redeem these shares at a premium of 10%. **20**

It was decided by the company to issue the following:

- (i) 25,000 Equity Shares of ₹10 each at par,
- (ii) 1,000 14% Debentures of ₹100 each.

The issue was fully subscribed and all amounts were received in full. The payment was duly made. The company had sufficient profits. Show Journal Entries in the books of the company

Q.5 A Explain Various types of companies in detail **10**

Q.5 B Explain Various types of debentures in detail **10**

OR

Q.5 C Short Notes (Any Four) **20**

1. Employee stock option
2. Features of Companies
3. Issue of Shares other than cash
4. Types of Preference shares
5. Classification of Share Capital
6. Sweat Equity Shares