

Q.P. Code:00005300**[Time:2.30 Hrs]****[Marks:75]**

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. Working note should form part of main answer
4. Use of simple calculators is allowed

Q. 1. A. Match the following columns: (Any 8)**08**

Column A	Column B
1. Authorized Capital	a) Time ratio
2. Shares issued at par	b) Sales ratio
3. Shares issued at premium	c) Post-Incorporation
4. Secured Debentures	d) Pre-Incorporation
5. Debentures issued as collateral security	e) Shares of ₹10 issued at ₹12
6. Shares Application A/c	f) Memorandum of Association
7. Maximum time for redemption of pref. Share	g) Capital Redemption Reserve
8. CRR	h) Backed by asset
9. Printing	i) No interest is payable
10. Discount allowed	j) Personal Account
11. Share issue expenses	k) Issued at Face value
12. Salary to vendor	l) 20 years from the date of issue

Q. 1. B. State whether the following statements are true or false. (Any 7)**07**

1. A partly paid-up shares can be converted into stock by the company.
2. Share Application Account is personal account.
3. Equity Shareholders receives dividend.
4. Debenture form a part of owed fund.
5. Interest on debentures must be paid whether there is any profit or not.
6. Discount on issue of debentures A/c is a fictitious asset.
7. A company can issue debentures with voting rights.
8. Partly paid preference share cannot be redeemed.
9. Preference shareholder bear more risk than equity shareholder.
10. Sinking fund investment account always shown debit balance.

Q.P. Code:00005300**Q.2. A.** Following is the Balance Sheet of Manas Ltd. as on 31st March, 2020.**15**

Liabilities	Rs.	Assets	Rs.
4,000 8% Redeemable Preference Shares of ₹ 100 each, fully paid up	4,00,000	Sundry Assets	16,00,000
3,000 7% Redeemable Pref. Shares of ₹ 100 each, ₹ 80 paid up	2,40,000	Investments	2,00,000
1,00,000 Equity Shares of ₹ 10 each	10,00,000	Bank	6,60,000
Securities Premium	50,000		
Revenue Reserve	5,00,000		
Current Liabilities	2,70,000		
	24,60,000		24,60,000

1. It was decided to redeem both classes of Preference Shares at a premium of 10%. For this purpose, the company:

- Made a final call of Rs.20 per share on 7% Redeemable Preference Shares, which was paid by all the shareholders.
- Issued sufficient number of Equity Shares of Rs.10 each at a premium of Rs.2/- per share. The issue was fully subscribed and all monies were duly received.
- Sold Investments at a profit of 10%.
- Issued Bonus shares to the Equity Shareholders in the ratio of one bonus share for every two shares held. (Excluding fresh issue).

2. All the payments were made except to the shareholders holding 100, 8% Preference Shares who could not be traced.

You are required to pass the journal entries to record the above transactions in the books of Manas Ltd..

OR**Q.2. B.** Following is the Balance Sheet of Zakat Auto Ltd as on 31-03-2020.**(15)**

Liabilities	Amount (₹)	Assets	Amount (₹)
3,000 9% Redeemable Preference Shares of ₹ 100 each, ₹ 80 paid up	2,40,000	Fixed Assets	12,00,000
1,20,000 Equity Shares of ₹ 10 each, Fully paid	12,00,000	Own Debentures (Face Value ₹ 1,00,000)	90,000
Securities Premium	50,000	Investment (at Cost)	2,00,000
Revenue Reserve	1,00,000	Bank Balance	1,70,000
8% Debentures	2,00,000	Other Current Assets	4,00,000
Current Liabilities	2,70,000		
	20,60,000		20,60,000

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On the above date 9% Preference Shares were redeemable at a premium of 5%,

- The company made final call of Rs.20 per share on these shares. All the shareholders paid the call money.
- The company issued 20,000 equity shares of Rs.10 each at a premium of Rs.2 per share for cash consideration. The issue was fully subscribed and paid for.
- Part of the investments were sold for Rs.1,32,000 at a profit of 10% on cost.
- The company cancelled Own Debentures held as investments.
- The company redeemed the preference shares as per the terms. One Preference shareholder holding 100 shares was untraceable; hence payment could not be made to him.

You are required to:

- Pass necessary Journal Entries in the books of Zakat Auto Ltd. to record the above transactions.

Q. 3. A. Baneshwar Ltd. was incorporated on 1st September 2019 to take over the business of Ekta and Gomati, a partnership firm with effect from 1st April 2019. Following is their Profit & Loss Account for the year ended 31st March 2020. **15**

Particulars	Rs.	Particulars	Rs.
To Salaries	39,000	By Gross Profit	1,80,000
To Rent	8,000	By Interest on Fixed Deposit	12,000
To Bad Debts	11,000		
To Office Expenses	2,400		
To Directors Fees	1,000		
To Debenture Interest	2,800		
To Selling Expenses	24,300		
To Salary to Partners	5,000		
To Printing & Stationery	6,000		
To Preliminary Expenses	1,500		
To Net Profit	91,000		
	1,92,000		1,92,000

Additional Information:

- Average monthly turnover from October 2019 to March 2020 was twice the average monthly turnover from April 2019 to September 2019.
- Rent is doubled from 1st December, 2019.
- Bad debts include Rs. 2,000 in respect of sales affected two years ago. Remaining Bad debts are out of sales affected throughout the year.
- Salaries include salary of three employees at equal monthly remuneration. However, one of them was appointed as manager from 1st January 2020. His salary was doubled from that date.
- In lieu of interest on purchase consideration the vendor would get 40% of the profit earned in Pre-incorporation period.
- Interest on Fixed Deposit was received for the entire year.

Prepare Trading and Profit and Loss Account of Baneshwar Ltd. for the year ended 31st March 2020 in the columnar form apportioning all the income and expenditure items between Pre-incorporation and Post incorporation period on suitable basis.

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- Q. 3. B.** The following balances appeared in the USA Branch of Naresh Ltd. Having head office at **15**
Mumbai as on 31-3-2023.

Particulars	Amt	Particulars	Amt
Stock on 1-4-2022	2000	Sales	8000
Purchase	4000	Trade Payables	4000
Trade Receivable	6000	Interest on Investments	400
Insurance	1200	H.O. Account	16000
Carriage Inward	200		
Salaries	600		
Postage	1200		
Building	8400		
Land	2000		
Bank Balance	2800		
	28400		28400

Additional Information:

The stock on 31-3-2023 was £ 2,000. Building was purchased when 1 £ was equal to ₹140. Depreciation is provided on building 10%. Land was purchased when 1 £ was equal to 150. The branch account in the books of head office accounts shows debit balance of ₹6,00,000. The following were the exchange rates during the year:

1-4-2017 1£=80
31-3-2018 1£=₹90
Average rate 1£=85

You are required to convert the trial balance in reporting currency and prepare Profit and Loss Account and Balance Sheet of the branch in the books of head office for the year ended 31-3-2023.

- Q4. A.** The following is the trial balance of Soni Ltd. As on 31-3-2023

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Particulars	Amt	Particulars	Amt
Opening Stock	45,000	Sales	10,00,000
Interest on Debentures	5,000	Bills Payables	1,00,000
Licenses and Franchise	90,000	Cash Credit	50,000
Interim Dividend	15,000	Unclaimed Dividend	10,000
Machinery	7,50,000	General Reserve	40,000
Land	5,00,000	Profit And loss A/c	1,00,000
Debtors	1,50,000	10% Debentures	50,000
Purchases	4,00,000	Equity Share Capital	5,00,000
Advance Tax	25,000	9 % Preference Share	4,00,000
Investment	1,50,000	Capital	
Wages	15,000		
Salaries	75,000		
Rent	30,000		
	22500000		22500000

Additional Information:

- The authorised capital of the company was 20,000 Equity shares of 100 each and 8,000 9% Preference of 100 each.
- Closing stock as on 31-3-2018 was 60,000.

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3. Depreciation was to be provided on Machinery @ 10%.
4. 10% of the investments were short term in nature.
5. Debentures were to be redeemed on 31-8-2018.
6. Create provision for doubtful debt @ 10%.
7. During the year 20,000 were transferred to General reserve.
8. Provide for Taxation 30%.

Prepare Income Statement and Balance Sheet from the given information.

OR

Q4. B. A Company has 4,000 redeemable preference shares of 100 each, fully paid. The company decides to redeem these shares on December 31, 2023 at a premium of 5%. The company makes the following issues: **8**

- a. 1,000 Equity Shares of 100 each at a premium of 10%.
- b. 1,000 Debentures of 100 each.

The issues were fully subscribed and allotments were made. The redemption was duly carried out. The company has sufficient profits. Give Journal entries to record the above transactions.

Q4. C. Beena Limited had issued 10,000 12% Debentures of 100 each under SEBI regulations redeemable on 31st December, 2023 at a premium of 5%. The company offered three options to Debenture holders as follows: **7**

- (i) 14% Preference Shares of 10 at 12 (ii) 15% Debentures of 100 at par
- (iii) Redemption in cash. The options were accepted as under:
- (i) Option by holders of 1,500 debentures (ii) option by holders of 1,500 debentures (iii) option by holders of 2,000 debentures. The redemption was carried out by the company after creating Debenture Redemption Reserve for the minimum amount required by law. Show Journal entries.

Q. 5. A Explain the basis of allocation of expenses with examples in brief? **08**

Q. 5. B Explain the provisions of Companies Act 2013 about the Redemption of Preference Shares? **07**

OR

Q. 5. B Write short notes on (Any 3) **15**

1. Divisible Profit
2. Debenture redemption reserve
3. Proposed dividend and interim dividend.
4. Depreciation and Amortisation Expenses
5. Contingent Liabilities
