

DURATION: - 2½ hrs

- Note: - (1) All questions are compulsory.
 (2) Figures to the right indicate full marks
 (3) Answer to each question must be on a new page

Q.1 a) State whether the following statements are True or False (Any 8) 15M
 CO1,2,3,4,5-R/U

- 1) Capital redemption reserve amount can be utilised for writing of share issue expenses
- 2) Fictitious balance or shown as I said
- 3) Interim dividend is declared by board of directors
- 4) Partly paid up preference shares cannot be redeemed
- 5) Capital reserve is not divisible profit
- 6) Preference share can be redeemed out of profit only
- 7) Fixed assets should be translated at the rate on the date of transaction
- 8) Loss prior to incorporation is debited to Goodwill account
- 9) Post incorporation profit available for dividend
- 10) Balance in debenture redemption Reserve after redemption is transferred to capital reserve

Q.2 b) Match the pair (Any 7) 7M

CO1,2,3,4,5-R/U

Column A		Column B	
1)	Part I of schedule III	a)	Form of statement of profit & loss A/c.
2)	Part II of schedule III	b)	Sales ratio
3)	Advertisement expenses	c)	Long-term borrowing
4)	Rent rates and taxes	d)	Non-current assets
5)	Interest on bank overdraft	e)	Short-term borrowing
6)	Deferred tax assets	f)	Form of balance sheet
7)	Debenture	g)	Disclosure of accounting policy
8)	Bank overdraft	h)	Accounting for foreign currency
9)	Account standard-11	i)	Time ratio
10)	Accounting standard-1	j)	Finance cost

Q.2) Following is the trial balance of Real Ltd as on 31 March 2017 15M

CO1-Ap

Particular	Dr (₹)	Cr (₹)
Cash in hand	39,000	
Cash at bank	68,600	
Share capital		18,40,000
9% Debenture		6,00,000
Bank Overdraft		4,00,000
Investment(Long term)	20,000	
Bills Receivable	2,80,000	
Sundry Debtors	11,00,000	
Sundry Creditors		4,80,000

Security Deposit(Long term)	8,000	
Profit & Loss A/c.		5,80,000
Securities Premium		1,80,000
Interest on debenture accrued and due		13,500
Goodwill	1,30,000	
Land & building(cost ₹ 5,00,000)	3,80,000	
Plant & Machinery (cost ₹ 10,00,000)	6,00,000	
Furniture (cost 1,60,00)	90,000	
Provison for taxation		2,41,000
Advance Tax	2,00,000	
Bills payable		60,000
General reserve		2,00,000
Stock in trade	16,98,900	
Capital Reserve		20,000

Additional Information

- Authorised share capital of the company was ₹60,00,000 dividend into 6,00,000 equity share of ₹10 each
- Sundry depots, which were all unsecured and considered goods that, include ₹1,80,000 due for more than six months
- Investment represents 5000 equity shares in X Ltd of ₹10 each, ₹4 per share called and paid up
- Bill receivable discounted with the bank, not matured till the balance sheet date amounted to ₹15,000

You are required to prepare balance sheet of Group regal Ltd as on 31 March 2017 as per provision of the companies act

OR

Q.2) Following is the extract of balance of Sanjay Co.Ltd as on 31 March 2017

COI-AP 15M

Particulars	
Sales	1,20,00,000
Opening stock of Raw material	10,00,000
Opening stock of Finnish goods	5,00,000
Purchase of Raw material	27,00,000
Purchase returns	2,00,000
Sales Return	20,00,000
Interest received on fixed deposit	5,00,000
Miscellaneous income	4,00,000
Freight on raw material	30,000
Salary and wages	4,00,000
Bonus of employees	80,000

Directors Remuneration		8,00,000
Depreciation on		
Land and building	5,00,000	
Machinery	3,00,000	
Furniture	1,00,000	9,00,000
Interest paid on debentures		5,00,000
Interest on loan from bank of Baroda		2,00,000
Repair and maintenance expenses		80,000
Insurance premium of office expenses		30,000
Electricity charges		40,000
Rent		20,000
Audit fees		50,000
Advertisement expenses		1,20,000
Sundry expenses		10,000

Additional information

- 1) Closing stock of Raw material and finished goods was ₹5,00,00 and 6,00,000
- 2) Outstanding electricity charges and rent were ₹10,000 and ₹30,000
- 3) Miscellaneous income receivable was ₹10,000
- 4) ₹50,000 to be provided for bad and doubtful debts
- 5) Prepared advertisement expenses were ₹20,000
- 6) Make a provision for income tax ₹2,00,000

Q.3) Balance sheet of Deshbondhu Ltd on 31 March 2017 was as under C02-Ap 15M

Liabilities	(₹)	Assets	(₹)
10% Pref. Share of ₹ 100			
Each totally paid	5,00,000	Fixed Assets	11,00,000
Equity share of ₹10 each fully paid	10,00,000	Investment	4,00,000
Securities premium	4,00,000	Bank	90,000
General reserve	3,00,000	Other Current assets	14,00,000
8% debenture of ₹100 each	4,00,000	Preliminary Expenses	10,000
Current liabilities	4,00,000		
	<u>30,00,000</u>		<u>30,00,000</u>

On the above date the company Decided to redeem its preference shares at 10% premium for this purpose the company sold its investment at a profit of 10% and issued 25,000 equity share of ₹10 each at par

You Are required to give necessary general entries for the above transaction keeping in view all the legal requirements

OR

Q.3) Beeta Ltd has issued 5,000 12% debentures of ₹100 each under C03-Ap 15M
SEBI regulations redeemable on 31st March December 2013 at a

premium of 5% the company offered three options to debenture holder for follows

- i) 14% preference share of ₹10 at ₹12
- ii) 15% debenture of ₹10 at par
- iii) Redemption in cash

The option where excepted as under

- i) Option by Holder at 1500 debentures
- ii) Option by holder of 1500 debenture
- iii) Option by holder of 2000 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.4) Raj Ltd was incorporated on 1st July 2016 to acquire the business from 1 April 2016 it commenced its business on 1st August 2016 its profit and loss account for the year ending 31st March 2017 is as under

CO4-Ap 15M

Particular	(₹)	Particular	(₹)
To office salaries	60,000	By Gross profit b/d	5,20,000
To Selling Commission	78,000		
To carriage Outward	42,250		
To Rent	1,20,000		
To Debentures Interest	25,400		
To Printing & Stationary	15,000		
To Advertisement Expenses	65,000		
To Net Profit	1,14,350		
	<u>5,20,000</u>		<u>5,20,000</u>

Additional Information

Sales for the pre-incorporation period was ₹5,00,00 per month. Total sales for the year ended 31 March 2017 was ₹65,00,00.

prepare profit and loss statement in the columns from for the year ending 31 March 2017 allocating various items on suitable basis in the pre-incorporation and post in corporation period

OR

Q.4) AB Enterprises bank of branch in New York as on 31 March 2017 the trial balance of the branch was as follow

CO5-Ap 15M

Particular	Dr (₹)	Cr (₹)
Head office account		8,500
Sales		61,000
Goods from head office	44,000	
Stock on 1 ST April 2016	8,500	

Furniture	9,000	
Cash in Hand	250	
Bank balance	1250	
Salaries	2800	
Rent	1200	
Insurance	150	
Outstanding Expenses	-	800
Sundry Debtors	3150	
	<u>70,300</u>	<u>70,300</u>

The branch account in head office shows balance ₹2,14,500 and goods sent to branch balance of ₹13,12,500

Depreciation on furniture 10% p.a

Stock at branch 31 March 2017 was \$ 7,500

Furniture was purchased in 2017 when 1 \$ = ₹20

Exchange rate was

On 1-4-2016 1 \$ = ₹28

On 31-2-2017 1 \$ = ₹30

Average rate 1 \$ = ₹20

You are required to prepare branch trial balance of covering in rupees and prepare branch trading and profit and loss account for the year ended 31 March 2017 and balance sheet on that date.

Q.5 a) Explain the basis of allocation of expenses with example

CO4-R/U 08M

Q.5 b) Explain redemption of pre-share out of profit and out of fresh issue

CO2-R/U 07M

OR

Q.5) **Write Short notes on (Any 3)**

CO1,2,3,4,5-R/U 15M

1) Capital redemption reserve

2) Time ratio

3) Fixed assets

4) Foreign currency conversion

5) Type of debenture
