

Duration: - 2 ½ Hours C411A23FA

Note :- All questions are Compulsory.

Figures to the right indicate full marks.

Use of Simple Calculator is allowed.

Q.1 a) Select the most appropriate option and rewrite the sentence. (8)

- (1) Capital Redemption reserve can be utilized for: CO2(R)
 (a) Conversion of partly paid shares into fully paid up. (b) Issue of fully paid bonus shares.
 (c) Payment of arrears of preference dividend. (d) Buyback of shares.
- (2) Transfer to Capital Redemption reserve account can be made from: CO2(R)
 (a) General Reserve. (b) Securities Premium.
 (c) Capital Reserve. (d) Statutory Reserve.
- (3) Premium on redemption of preference shares can be availed from: CO2(R)
 (a) Capital Reserve. (b) Statutory Reserve.
 (c) Securities Premium Account. (d) Capital Redemption Reserve.
- (4) Interest earned on Sinking Fund Investment is credited to CO3(R)
 a) Interest Received Account b) Sinking Fund Account
 c) Sinking Fund Investment Account d) General Reserve Account
- (5) Profit on sale of Sinking Fund Investment Account is credited to CO3(R)
 a) Sinking Fund Account b) General Reserve Account
 c) Capital Reserve Account d) Revenue Reserve
- (6) For computing pre-incorporation profits, fees to directors CO4(R)
 (a) is treated as pre-incorporation expenditure (b) is treated as post-incorporation expenditure
 (c) is allocated in time ratio (d) is allocated in sales ratio
- (7) Tangible Fixed assets of Integral Foreign Operation carried at cost are translated at CO5(R)
 (a) exchange rate at the date of purchase of asset (b) closing exchange rate
 (c) average exchange rate during the year (d) exchange rate on date of valuation at fair value
- (8) Dividend is calculated on _____. CO1(R)
 a) Paid up capital b) called up capital
 c) calls in arrears d) none of the above

Q.1 b) State whether the following statements are true or false :- (7)

- (1) Companies can redeem only fully paid preference shares. CO2(R)
- (2) Company cannot redeem its preference shares. CO2(R)
- (3) If there are calls in arrears in case of redeemable preference shares, shares can be redeemed. CO2(R)
- (4) The profit made on acquisition of business is credited to the General Reserve. CO4(R)
- (5) The company's final accounts should be prepared in the form prescribed under Companies Act. CO1(R)
- (6) Provision for contingent liabilities should be made in accounts. CO1(R)
- (7) The mode of valuation of inventory is to be disclosed. CO1(R)

Q.2 Prepare Balance Sheet as on that date in vertical form, as per Schedule VI requirements. CO1(A) (15)

(1) 8% Debentures are secured against all fixed assets. The figure in trial balance includes interest accrued and due Rs. 25,000.

(2) Loan from Director and subsidiary Co. are unsecured.

Trial balance of KKK Ltd. as on 31st March, 2022.

Debit Balances	Rs.	Credit Balances	Rs.
Fixed Assets (Net Block)	7,50,000	Equity Share Capital	
Investments	2,50,000	(Rs. 10 each fully paid)	4,40,000
Closing Stock	3,75,000	9% Preference Share Capital	
Sundry Debtors	1,22,500	(Rs. 100 each fully paid)	1,00,000
Preliminary Expenses	20,000	Profit & Loss Account	2,80,000

Staff Advance	1,00,000	Securities Premium	30,000
Advance Tax	60,000	Debenture Redemption Reserves	2,00,000
Bills Receivables	45,000	General Reserves	75,000
Advance to Suppliers	27,500	8% Debentures	5,25,000
Cash in Hand	12,500	Loan from Director Mr. D	10,000
Bank Balance	1,10,000	Loan from Subsidiary Co.	70,000
		Sundry Creditors	58,500
		Bills Payable	21,500
		Provision for Taxation	62,500
	18,72,500		18,72,500

OR

Q.2 a) The Balance Sheet of Happy Private Ltd., as at March, 31st had the following liabilities: (15)

Liabilities	Amount
Share Capital:	
18,000 9.5% Cumulative Redeemable Pref. Shares of ₹ 100 fully paid	18,00,000
40,000 Equity Shares of ₹ 100 each, fully paid up	40,00,000
Reserves:	
Share Premium	5,00,000
General Reserve	9,00,000
Loans & Liabilities	
Secured Loans from Institutions	18,00,000
Current Liabilities & Provision	16,00,000
Total	10,60,000

The Board of Directors decided to redeem the preference shares both the issue of fresh Capital & by utilization of reserves. You are required to Pass Journal Entries. CO2(R) (8)

Q.2 b) On 1.1.19 P. Ltd. Issued 4,000, 6% debentures of ₹ 100 each at a discount of 10% repayable in 4 years by annual equal installments out of profits. Show the entries. CO3(A) (7)

Q.3 Eeshan Ltd. was incorporated on 1st August, 2021 to acquire a business on 1st April, 2021. The first accounts were closed on 31st March, 2022. The following items appeared in the Profit and Loss Account.

Dr.	Profit and Loss Account for the year ended 31st March, 2022		Cr.
Particulars	₹	Particulars	₹
Director's Fees	49,000	By Gross Profit	9,60,000
Rent	85,500		
Bad Debts	12,000		
Salaries	1,83,000		
Interest on Debenture	24,000		
Depreciation	66,000		
Preliminary Expenses	42,000		
General Expenses	49,200		
Commission on Sales	36,000		
Printing & Stationery	93,000		
Advertising	1,20,500		
Auditor's Fees	58,600		
Carriage Outwards	72,800		
Electricity Charges	44,400		
Insurance Premium	24,000		
	9,60,000		9,60,000

The exchange rates were -	January 1	£1 = ₹. 17.50
	December	£1 = ₹. 18.50
	Average	£1 = ₹. 18.00

The stock at branch on 31st December, 2021 was valued at ₹4500.

Prepare Trading Profit and Loss A/c and Balance sheet of Canada Branch Account for the year ended 31-12-2021.

CO5(A)

OR

Q.4 Zed Computers Ltd. has head office at Mumbai and branch at Boston, U.S.A. The branch submits the following Trail Balance as on 31st March, 2002.

(15)

Particulars	Debit (US\$)	Credit (US\$)
Head Office Account	-	12,707
Goods received from Head office	11,600	
Purchases and Sales	3,87,516	6,10,416
Stock as on 1st April 2001	14,316	
Plant and Machinery	34,120	
Furniture and Fixtures	16,316	
Cash at Bank	3,816	
Cash in hand	1,314	
Salaries	68,016	
Office Rent	42,340	
Taxes and Insurance	11,672	
Debtors and Creditors	1,25,430	1,27,977
Printing and Stationery	12,148	
Postage and Telegram	11,010	
Courier Charges	6,316	
Internet Charges	2,718	
Legal Expenses	2,452	
Total	7,51,100	7,51,100

The Branch Account in Head Office showed a debit balance of ₹. 5, 84,222 and

Goods sent to Branch Account showed a Credit Balance of ₹. 5, 56,800.

Plant and Machinery was acquired by the Branch as on 31/12/ 2011, when one US \$ was equal to Rs. 45.

Furniture and Fixtures were acquired by Branch on 30th June 2001 when ₹. 40 was equal to US \$

The Boston Branch reported closing stock of US \$ 15,350 on 31st March 2002.

The exchange rates were as under: 1-4-2021 US \$ 1 = ₹. 43.50

31-3-2022 US \$ 1 = ₹ 50

Average US \$ 1 = ₹. 45.50

Convert the Branch Trial Balance into rupees and prepare Branch Profit and Loss A/c

for the year ended-31st March 2022. Also, you are required to prepare the balance sheet of the Boston

Branch of Zed Computers Ltd. as on 31st March 2022.

CO5(A)

Q.5 A How will you disclose Current Liability in Balance sheet

CO1(R)

(8)

B What are the Different basis for allocation of Expenses

CO4(R)

(7)

OR

Q.5 Write Short Notes on :- (Any 3)

1 Divisible Profit

CO2(U)

2. Disclosure of Current asset in Balance sheet

CO1(U)

3 Redemption of Debenture

CO3(A)

4. Pre-acquisition Profit

CO4(U)

5. Rules for Conversion of foreign Branch Trial Balance

CO5(R)

XXXXXXXXXXXXXXXXXX

(15)

Sales Ratio is 1:2. You are required to prepare profit and loss account for the year ended 31st March, 2022 and show 'Pre' and 'Post' incorporation period profit or loss. CO4(R) (15)

OR

Q.3 M/s. Nimish Pvt. Ltd. was incorporated on 1st August, 2021 to take over the business of Mr. Chinmay with effect from 1st April, 2021.

The following Profit and Loss Account was prepared for the year ended 31st March, 2022:

Particulars	₹	Particulars	₹
To Office Salaries	24,000	By Gross Profit	1,00,000
To Chinmay's Salary	2,000	By Share Transfer Fees	2,000
To Advertisement	18,000		
To Printing and Stationery	1,500		
To Travelling Expenses	4,000		
To Office Rent	9,600		
To Electricity Charges	5,100		
To Director's Fees	1,200		
To Auditor's Fees	600		
To Bad Debts	1,200		
To Commission on Sales	7,000		
To Preliminary Expenses	2,000		
To Debenture Interest	2,300		
To Interest on Capital	800		
To Depreciation	2,100		
To Net Profit	20,600		
	1,02,000		1,02,000

Additional Information :

(1) Total sales for the year amounted to ₹ 8,00,000, arose evenly per month upto 30-9-2021 whereafter they recorded an increase of two-third per month during the rest of the period.

You are required to prepare a profit and loss account for the year ended 31st March, 2022 and show 'Pre' and 'Post' incorporation period profit or loss. CO4(A) (15)

Q.4 Black Coats Limited has a branch in Canada. On 31st December, 2021 the Trial

Balance of the Branch was as given below:

(15)

Particulars	Dr. \$.	Cr. \$.
Head Office Account		9,000
Sales		81,000
Goods from Head Office A/c	45,000	
Stock 1st January, 2005	7,500	
Furniture and Fixtures	10,000	
Cash in hand	1,050	
Cash at Bank	950	
Owing for Expenses		1,000
Salaries	13,000	
Taxes, Insurance, etc.	250	
Rent	1,000	
Sundry Debtors	12,250	
Total	91,000	91,000

The Branch Account in the Head Office showed a Debit Balance of ₹. 1,12,500 and

Goods sent to Branch account a Credit Balance ₹. 8,07,500.

Furniture and fixtures are acquired in 1-1-05 £1 = ₹. 15.00