

Maximum Duration: 3 hrs

Maximum Marks: 100

Note: All Questions are compulsory

Q1. A. Multiple Choice Questions: (Any Ten) (CO-1,2,3 -R) {10M}

- 1) One person company' concept is introduced by
 - a) The Companies Act 2013
 - b) Companies Act 1956
 - c) The companies Amendment Act 2014
 - d) The Partnership Act 1932
- 2) Tangible assets include
 - a) Land and building
 - b) goodwill
 - c) preliminary expenses
 - d) Underwriting Commission
- 3) Balance sheet of a company is prepared in
 - a) Horizontal format
 - b) vertical format
 - c) analytical format
 - d) T form
- 4) Rights shares means the shares which are -----
 - a) Issued to promoters
 - b) Issued to vendors for consideration other than cash
 - c) Issued to debenture holders
 - d) Offered to existing shareholders as a right
- 5) Proceeds of fresh issue as a source of redemption can be -----
 - a) Equity shares
 - b) call money on shares
 - c) debentures
 - d) loan for bank
- 6) X ltd. Issued 1,000 equity shares of Rs. 100 each at par. The proceeds will be----
 - a) Rs. 1,00,000
 - b) Rs. 1,50,000
 - c) Rs. 1,70,000
 - d) Rs. 180,000
- 7) Preference shares may be redeemed at -----
 - a) Par only
 - b) premium only
 - c) par or at premium
 - d) At discount
- 8) The account that can be transferred to Capital redemption reserve A/c. is ----
 - a) General reserve A/c.
 - b) Forfeited shares account
 - c) Profits prior to incorporation
 - d) Securities premium A/c.
- 9) After redemption of debenture, balance and sinking fund should be transferred to-----
 - a) Capital Reserve
 - b) general reserve
 - c) profit and loss account
 - d) Security premium
- 10) Debenture redemption reserve should be
 - a) 25 % of the value of debentures issued
 - b) 50% of the value of debenture issued
 - c) 15% of value of debentures issued
 - d) 30% of the value of debenture issued
- 11) The profit or loss during post incorporation period is transferred to -----
 - a) Profit and loss account
 - b) Goodwill account
 - c) Capital reserve account
 - d) security premium
- 12) For computation of pre-incorporation profit, audit fees are -----
 - a) Treated as pre incorporation expenditure
 - b) Post incorporation expenditure
 - c) Allocated in the ratio of sales
 - d) Allocated in the ratio of time

Q1.B. Whether following statements are True / False: (Any 10) (CO-1,2,3 -R) (10M)

1. Company cannot issue preference shares, which are redeemable.
2. Goodwill is not depreciated.
3. Premium on redemption can be provided out of security premium.

5. Bonus shares can be issued out of capital redemption reserve
6. Dividend equalization reserve is a *dividend provision*.
7. Loss prior to incorporation is debited to Goodwill Account.
8. Companies must prepare their financial statements in vertical format only
9. Debenture holders have right to vote.
10. Depreciation is allocated in time ratio
11. IPO stand for initial public offer.
12. 10. The interest on debenture should be allocated in ration of time.

Q.2. Amber company ltd. Was incorporated on 1st May 2022 to take over business of Timber company ltd. As a going concern from the 1st January 2022. The Profit and loss account for the year ending 31st December 2022 is as follows.

Particular	Amount	Particular	Amount
Rent and Taxes	12,000	Gross Profit	1,55,000
Insurance	3,000		
Electricity Charges	2,400		
Salaries	36,000		
Directors Fee	4,600		
Commission	6,000		
Advertisement	4,000		
Discount	3,500		
Office Expenses	7,500		
Carriage	3,000		
Bank Charges	1,500		
Preliminary Expenses	6,500		
Bad Debts	2,000		
Interest On loan	3,000		
Net Profit	60,000		
	1,55,000		1,55,000

The total turnover for the year ending 31st December 2022 was Rs.5,00,000 divided into Rs.1,50,000 for the period up to 1st May 2022 and Rs.3,50,000 for the remaining period. Ascertain the profit earned prior to incorporation of the company. (CO-3,-A,A) (20M)

OR

Q. Advance Petro ltd. Was incorporated on 1st March 2021 to acquire a spice powder Marchant's business as from 1st January,2021. The purchase consideration was agreed at Rs.6,000 to be satisfied by the issue of: 3000 equity shares of Rs.1 each fully paid and Rs.3,000 6% Debenture.

Particular	Amount	Particular	Amount
To Purchase	7,740	By Sales	15,000
To Gross Profit c/d	7,260		
	15,000		15,000
To Management Salaries	3,000	By Gross Profit b/d	7,260
To Office Expenses	250		
To Selling Expenses	820		
To Carriage Outward	170		
To Rent and Rates	200		
To Debenture Interest	135		
To Dividend	300		
To Directors Fees	200		

To Interest on Purchase Consideration	90		
To Net Profit	1808		
	7,260		7,260

You obtained the following additional information:

- Sales made by the company amounted to Rs.12,000
- The shares and debenture were issued to the vender on 1st April 2021.
- Interest at 6% p.a was paid on the purchase consideration from 1st January,2021 to the date of payment.

You are required to prepare a statement in columnar form apportioning the balance of the profit and loss account for the year ended 31st December 2021 between the period before after incorporation. (CO-3, -A, A) (20M)

Q.3.a) Kamlesh limited has issued 3,00,000 10%Preference shares of Rs.10 each redeemable at a Premium of 10% on 31st March 2021.

The company's balance in General Reserve stood at Rs.15,00,000 and profit and loss account were Rs.6,00,000 to provide funds for redemption company.

- Sold investment costing Rs.4,00,000 for Rs.6,00,000.
- Issue for cash 5,000 12% Debenture of Rs.100 each at par.
- Issue-1,00,000 equity shares for Rs.10 at a premium of Rs.4 per share.

Pass necessary journal entries in the books of Kamlesh limited. (CO-2, A, A) (10M)

Q.3.b) The following is the balance sheet of Slam Wear ltd. as at 31st March 2023

Liabilities	Amount	Assets	Amount
39000 Equity shares of Rs.10 each fully paid	3,90,000	Fixed Assets	6,90,000
16000 6% Preference shares of Rs.10 each fully paid.	1,60,000	Current Assets	3,22,000
Profit and loss account	3,70,000		
Sundry Creditors	92,000		
	10,12,000		10,12,000

The Preference shares were redeemed on 1st April 2023 at premium of Rs.2 per shares. The company issued 10,000 equity shares of Rs.10 each at premium of Rs.2 per share of redemption. Draw up journal Entries to record the above transaction in the books of Slam Wear ltd. (CO-2, A, A) (10M)

OR

Q.3.a). A Company was incorporated on 1.9.2020 to take over the business of a proprietor with effect from 1.4.2020. A company's profit and loss account for the year ended 31.3.2021 is given as under. (CO-3,-A,A)

Profit and loss account for the year ended 31.3.2021

Particular	Amount	Amount
Gross Profit	*-	50,000
Less:		
Office Staff Salaries	12,000	-
Proprietor Salaries	3,000	-
General Expenses:		
-Fixed	6,000	-
-Variable	2,000	-
Travelling Expenses:		
-office Staff	12,000	-
-Salesmen	15,000	-

Other Information:

incorporation period.

You are required to prepare income statement to find out profit loss in pre-incorporation period and post incorporation period for the year 31.3.2021. (CO-3,-A,A) (10M)

Q.3.b) Beeta ltd. Company has 12000 redeemable preference share of Rs.100 each fully paid. The company decided to redeem these shares at 10% premium. The company makes the following issue:

- a) 3,000 equity shares of Rs.100 each at 10% premium.
- b) 2,000 debentures of Rs.100 each.

The issue was fully subscribed and allotment was made. The redemption was carried out. The company has sufficient profit. Journalize the transaction. (CO-2, A, A,) (10M)

Q.4.a) ABC ltd. issued 200, 15% debenture of Rs.100 each on 1st April 2023 at Discount of 10% redeemable at premium of 10% out of profit. Give journal Entries at the time of issue and redeemable of debentures. If debenture are to be redeemed in lumpsum at the end of 4th year. The company has invested the requisite amount as stipulated in the Act for the redemption of debentures. Pass the necessary Journal entries If ABC ltd. is "other Unlisted" Company (CO-2-A, A,) (10M)

Q.4.b) Give journal Entries for issue of debenture in the following cases:

- 1) Issued 1,000 8% Debenture of Rs.100 each at par, redeemable at par
- 2) Issued 1,000 7% Debenture of Rs.100 each at a premium of 5%, redeemable at par.
- 3) Issued 1,000 9% Debenture of Rs.100 each at a discount of 5%, redeemable at par
- 4) Issued 1,000 11% Debenture of Rs.100 each at a par, redeemable at 5% premium
- 5) Issued 1,000 8% Debenture of Rs.100 each at a discount of 5%, redeemable at 5% premium
- 6) Issued 1,000 7% Debenture of Rs.100 each at a premium of 5%, redeemable at a 5% premium. (CO-2-A, A,) (10M)

OR

Q4. Moti Ltd. gave notice of its intension to redeem its Outstanding Rs. 6, 00,000, 8% debenture at Rs. 103 (Nominal Value Rs. 100) and offered the following options to the holders:

- a) 11% Preference shares of Rs. 20/- each at Rs. 25 per share.
- b) 10% Debentures at Rs. 96

c) To have their holdings redeemed for cash. Assume redemption out profit only.

1. The holders of Rs. 1, 80,000 debentures accepted option (a).
2. The holders of Rs. 2, 40,000 debentures accepted option (b).
3. The remaining debenture holders accepted option (c).

Pass the necessary journal entries in the books of Moti Ltd. (CO-2-A,A,) (20M)

Q.5. A. Explain different types of Preference shares. (CO-1, U, A) (10M)

Q.5.B. what rules must be complied for issue of bonus shares? (CO-2, UA,) (10M)

OR

Q.5. Write short notes (Any four): (CO-1,2,3-U, A) (20M)

- a) Legal Provision for redemption of preference shares
- b) Right Equity shares
- c) Divisible Profit
- d) Prepare format of company balance sheet as per companies' act 2013.
- e) Distinguish between Time Ration and Sales Ration