

Seat Number :- _____

Duration: 3 hrs

24103424

Maximum Marks: 100

Note: 1) All Questions are compulsory.

2) Figures to the right indicate full marks.

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

- 1) Livestock asset includes
 - a) Land and building
 - b) furniture
 - c) plant and machinery
 - d) Horses
- 2) Cash and cash equivalent not includes
 - a) Cash balance
 - b) bank balance
 - c) cheques and drafts in hand
 - d) Intangible assets
- 3) Loss prior to incorporation is transferred to -----
 - a) Capital reserve A/c
 - b) Goodwill A/c.
 - c) profit and loss A/c
 - d) Share Premium
- 4) The shares issued after capitalization of reserves are called-----
 - a) Right shares
 - b) preference shares
 - c) bonus shares
 - d) sweat shares
- 5) The premium payable on redemption can be provided out of-----
 - a) Statutory reserves
 - b) capital redemption reserve
 - c) profits
 - d) Insurance premium
- 6) X ltd. Issued 15,00 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) The period of preference shares cannot exceed -----
 - a) 20-year
 - b) 7 years
 - c) 5 years
 - d) 8 years
- 8) The Companies Act required creation of----- by a company issuing debentures.
 - a) Capital redemption reserve
 - b) Capital Reserve
 - c) debenture redemption reserve
 - d) Statutory reserve
- 9) When debenture become due, the claim is credited to-----
 - a) Bank account
 - b) Debenture holder account
 - c) Debentures account
 - d) Cash account
- 10) The expenses relating to the company should be allocated to ----- period.
 - a) Pre-incorporation
 - b) post incorporation
 - c) Time Ratio
 - d) Sales Ratio
- 11) Post incorporation profit is transferred to -----
 - a) Securities premium A/c.
 - b) Capital reserves
 - c) Net Profit
 - d) Revaluation reserve
- 12) For computation of profit prior to incorporation, salary to directors is considered as -
 - a) 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. Calls in arrears are added to subscribed capital.
2. Capital reserve is a divisible profit.
3. Time Ratio is ratio of number of months before and after incorporation
4. Right shares mean the shares which are offered by a company to the existing shareholders of company
5. Bonus shares can be issued out of capital redemption reserve
6. Interest on call in advance is allowed @10%
7. Partly paid preference shares cannot be redeemed.
8. Premium on redemption of preference shares can be met out of a security premium account.
9. Dividend equalization reserve can be used as divisible profits while redeeming preference shares
10. Depreciation is allocated in time ratio
11. A debenture holder is an owner of the company.
12. A Debenture issued at discount can be redeemed at a premium.

Q.2.a) 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)

Q.2.b) Vashi Toll Bridge corporation ltd. has outstanding 50,000 8% debenture of Rs.100 each issued in 2010 due for redemption on 31st March, 2020. It was decided to invest the required amount in investment earning 10% p.a. interest on 30th April, 2019. Company decided to create a debenture redemption reserve @25%. Record necessary entries regarding redemption of debenture. (CO-2-A, A,) (10M)

OR

Q2. Suzuki Motors gave notice of its intention to redeem its Outstanding Rs. 4, 00,000, 6% debenture at Rs. 102 (Nominal Value Rs. 100) and offered the following options to the holders:

- a) 5% Preference shares of Rs. 20/- each at Rs. 22.5 per share.
- b) 6% Debentures at Rs. 96
- c) To have their holdings redeemed for cash. Assume redemption out profit only.

1. The holders of Rs. 1, 71,000 debentures accepted option (a).
2. The holders of Rs. 1, 44,000 debentures accepted option (b).
3. The remaining debenture holders accepted option (c).
4. Pass the necessary journal entries in the books of Suzuki Motors.

(CO-2-A, A,) (20M)

Q.3.a) The following is the balance sheet of a company as on 31.3.2023.

Liabilities	Amount	Assets	Amount
Share Capital:		Fixed Assets	49,00,000
1,00,000 9% Preference shares of Rs.10 each	10,00,000	Cash at Bank	9,00,000
2,50,000 Equity shares of Rs.10 each fully paid	25,00,000		
Profit and loss account	8,00,000		
Sundry Creditors	15,00,000		
	58,00,000		58,00,000

The preference shares are to be redeemed at 5% premium. The profits available not being sufficient, the company issued 4,000 New Equity shares of Rs.100 each at premium of 10% and the same were duly taken up and paid for.

Write necessary Journal Entries.

(CO-2, A, A,) (10M)

Q.3.b) Zee limited had issued -1,50,000- 9% preference share of Rs.10 each, Redeemable at premium of 10% on 31st December, 2023. The company had adequate balance in the General Reserve and Profit and loss account.

To provide funds for redemption, company:

- i) sold investments costing Rs.2,00,000 for Rs.3,00,000.
- ii) Issued for cash- 2,500- 14% Debentures of Rs.100 at par.
- iii) Issued – 50,000 equity shares of Rs.10 at premium of Rs.4 per shares.

Write Necessary Journal Entries.

(CO-2, A, A,) (10M)

OR

Q.3.a). Viraj ltd. was incorporated on 1.8.2022 to take over the running business of M/S Ankur bros. a partnership firm w.e.f 1.4.2022. commencement of business on 1.10.2022. The following profit and loss were prepared for the year ended 31.3.2023.

Particular	Amount	Particular	Amount
To Office expenses	71,400	By Gross Profit	1,60,000
To Partner's Salaries	16,100	By Shares Transfer Fees	2,000
To Selling and Distribution exp.	24,800		
To Directors fees	2,000		
To Debenture Interest	3,200		
To Interest on partner's Capital	3,600		
To Bank Charges	900		
To Preliminary expenses	2,000		
To Net profit	38,000		
	1,62,000		1,62,000

Additional information:

1. Sales arose evenly up to date of certificate of commencement of business. Thereafter they recorded an increase of two-third of the average monthly sales. Prepare income statements of pre-incorporation and post-incorporation. **(CO-3, -A, A) (10 M)**

Q.3.b). Zomato Company has 12000 redeemable preference shares of Rs.100 each fully paid. The company decided to redeem these shares at 10% premium.

The company makes the following issue:

- 3,000 equity shares of Rs.100 each at 10% premium.
- 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)**

Aakansha Ltd. was incorporated on 1st May, 2020 to take over a business from preceding 1st January.

The account were made up to 31st December, 2020 as usual and the Trading and Profit & Loss Account showed the following results:

Particulars	Amount	Particulars	Amount
To Opening Stock	30,000	By Sales	2,40,000.
To Purchases	1,80,000	By Closing Stock	54,000
To Gross Profit c/d	84,000		-
	2,94,000		2,94,000
To Salaries	12,000		
To Rent & Rates	4,800	By Gross Profit b/d	84,000
To Directors Fees	3,000		
To Travelers Commission	2,400		
To Office Expenses	12,000		
To Bad Debts	500		
To Discount	3,600		
To Audit Fees	600		
To Depreciation	1,800		
To Debenture Interest	1,000		
To Interest on Purchase Consideration to 01-10-2020	4,500		
To Formation Expenses	5,000		
To Carriage Outwards	1,200		
To General Expenses	2,100		
To Advertising	1,800		
To Stationery and Printing	3,000		
To Net Profit	24,700		
	84000		84000

Notes:

1. It is ascertained that sales for January were one and a half times of the average of the average of the year, while for April, August and December were only half the average and those for March twice the average.
2. Out of Bad debts Rs.200 relate to debts created prior to incorporation. Apportion the year's profit between Pre-incorporation and post- incorporation periods. **(CO-3, -A, A) (20M)**

OR

4. Zed ltd. was incorporated on 1st May, 2023 to take over the running business of M/s Zimbabwe from 1st January, 2023. The accounts of Zed Ltd. were made up to 31st December, 2023 and draft Trading and Profit & Loss Account were as follows:

Particulars	Amount	Particulars	Amount
To Opening Stock	1,40,000	By Sales	12,00,000
To Purchases	9,10,000	By Closing Stock	1,50,000
To Gross Profit c/d	3,00,000		
	13,50,000		13,50,000
To Rent, Rates and Insurance	18,000	By Gross Profit b/d	3,00,000
To Interest	6,000		
To Director's Fees	20,000		
To Salaries	51,000		
To Office Expenses	42,000		
To Traveler's Commission	12,000		
To Discounts	5,000		
To Advertisements	10,000		
To Bad Debts	3,000		
To Depreciation	15,000		
To Debentures Interest	4,500		
To Net Profit	1,13,500		
	3,00,000		3,00,000

It is ascertained that the sales of November and December are one and half times the average of those for the year while sales for February and April are only half the average. You are required to show the apportionment of year's profit between the pre and post incorporation. **(CO-3, -A, A) (20M)**

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

Q.5.B. Explain the provisions of the companies Act, 2013 regarding redemption of preference shares.

(CO-2, UA,) (10M)

OR

Q.5. Write short notes (**Any four**):

(CO-1,2,3-U, A)

(20M)

a) Debenture Redemption Reserve

b) Right Equity shares

c) Bonus shares

d) Prepare format of company balance sheet as per schedule III , companies' act 2013.

e) Distinguish between Time Ratio and Sales Ratio

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