

For Blom
A/C

Duration: 3 hrs

Maximum Marks: 100

Note: All Questions are compulsory
Figures to the right indicate full marks.

- Q1. A. Multiple Choice Questions: (Any Ten) (CO-1, 2, 3 –R) (10M)**
- Capital redemption reserve is shown in the balance sheet under-----
a) Share capital b). Secured loan c. unsecured loan d) Reserves and surplus
 - The period of preference shares cannot exceed -----
a) a.20 year b. 7 Years c. 5 years d. 8 years
 - Profit up to date of incorporation is _____
a. Capital Reserve b. Capital Profit c. Security Premium d. Statutory Reserve
 - A company cannot issue -----
a. Redeemable cumulative pref. shares c. Redeemable non-cumulative pref. shares
b. Redeemable participating pref. shares d. Irredeemable pref. shares
 - Preference shareholders are entitled to dividend at ----- rate
a. fixed b. Nil c. variable d. semi variable
 - Prepaid Insurance is shown under _____
a. Current Assets b. Loans & Advances c. Current Liabilities d. Secured Loans
 - 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
 - The process of refund of preference share capital is known as _____
a. Repayment b. Redemption c. Issue d. Surrender
 - Which of the following is not an example of Fixed Assets _____
a. Plant & Machinery b. Buildings c. Royalty d. Patents
 - X ltd. Issued 5,000 equity shares of Rs. 100 each at par. The proceeds will be----
a. Rs. 5, 00,000 b. Rs. 5, 50,000 c. Rs. 5, 70,000 d. Rs.5, 80,000
 - Interest on sinking fund investment is credited to-----
a. Sinking fund account c. Profit and loss account
b. Profit and Loss appropriation account d. General Reserve Account
 - Dividend is calculated on _____
a. Paid up Capital b. Called up Capital c. Calls in arrears d. None of these

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

- Sweat shares are issued to employees.
- Bonus issue results are a decrease in retained earnings.
- IPO stands for initial public offer.
- Interest on debenture is payable on its face value.
- Companies cannot issue preference shares, which are redeemable.
- Capital Reserve is a divisible profit.
- A company should create debenture redemption reserve
- Debenture may be redeemed at par.
- Depreciation is allocated in time ratio.
- The interest on debenture should be allocated in a ration of time.
- Loss prior to incorporation is debited to Goodwill Account
- Companies must prepare their financial statements in vertical format only.

Q.2.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.

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	-
Traveling Expenses:		
-office Staff	12,000	-
-Salesmen	15,000	-

Other Information:

Sales during the year ended were Rs.3, 00,000 of which Rs.1, 80,000 relate to the post incorporation period. You are required to prepare an 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.2.B. Beeta Ltd. 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 debenture 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)**

OR

Q2. Akashi Ltd. was incorporated on 1st May, 2020 to take over a business from proceeding 1st January. The account was 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	By Gross Profit b/d	84,000
To Rent & Rates	4,800		
To Directors Fees	3,000		
To Travellers 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		
	84,000		84,000

Notes:

1. It is ascertained that sales for January were one and a half times of the average of the average of the year, whilst 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)

Q3. Ramya Ltd. decided to redeem their preference shares as on 31st March, 2022; on which date, their position was as under:

Liabilities	Amount	Assets	Amount
Share Capital:		Cash and Bank	1,40,000
4,000 Equity Shares of Rs.100 each	4,00,000	Other Assets	8,60,000
1,000 Equity Shares of Rs.100 each	1,00,000		
2,000 Redeemable Preference Shares of Rs.100 each fully paid	2,00,000		
Reserves and Surplus:			
Securities Premium	20,000		
Capital Reserves	80,000		
Dividend Equalization Reserves	1,10,000		
Sundry Liabilities	90,000		
	10,00,000		10,00,000

The redemption was to be at a premium of 5%. To enable the redemption to be carried out the company decides to issue 9,000 of new equity shares at a par. The redemption is duly carried out.

Show Journal Entries

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

OR

Q.3. Nirmal Ltd. issued 50000 15% Debenture of Rs.1000 each at Rs.952 per debenture. The debentures are redeemable in five annual installments of Rs.100 each. It is decided to write a discount in proportion to the amount of debenture finance usage over the various years.

You are asked to:

- a) Prepare a statement for a write off discount over the five year period.
- b) Pass appropriate Journal entries for five years. (CO-2-A,A,C)

(20M)

Q.4.B. Viraj Ltd. was incorporated on 1.8.2021 to take over the running business of M/S Ankur Bros. a partnership firm w.e.f 1.4.2021. The company received the certificate of commencement of business on 1.10.2021. The following profit and loss was prepared for the year ended 31.3.2022.

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) (20 M)

OR

Q4. Oswald Ltd. gave notice of its intention to redeem its Outstanding Rs. 2, 00,000, 8% debenture at Rs. 105 (Nominal Value Rs. 100) and offered the following options to the holders:

- a. 11% Preference shares of Rs. 40/- each at Rs. 50 per share.
- b. 10% Debentures at Rs. 100 (at Par)
- c. To have their holdings redeemed for cash. Assume redemption out profit only.
 1. The holders of Rs. 1, 40,000 debentures accepted option (a).
 2. The holders of Rs. 1, 60,000 debentures accepted option (b).
 3. The remaining debenture holders accepted option (c).

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

Q 5. B. Explain the provisions of the regarding redemption of preference shares (CO-2, U) (10M)

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

OR

Q5. Write Short Notes on: {Any 4} (CO-1, 2, 3-U) (20 M)

1. Profit prior to incorporation.
2. Types of Preference Shares.
3. Capital Redemption Reserve.
4. Issue of Shares.
5. Redemption of Debentures.
6. Divisible Profit.

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