

TYAIF V sem

April - 16

FA

QP Code : 28451 :

Marks:75

Time:2 & /2 Hours

Q.1.A. Fill in the blanks Any Eight:

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- i. Company and individuals have — identity.
- ii. Debentures are the part of — funds.
- iii. — paid preference shares cannot be redeemed.
- iv. Sinking fund account always shows — balance.
- v. Contribution to — fund is at the rate of 0.25% of cost of flat from each member per annum per flat.
- vi. Discount on issue of shares should not exceed — %.
- vii. Loss on issue of debentures is treated as —.
- viii. Dividend Equalisation Reserve can be used as divisible profits in redemption.
- ix. A company cannot purchase its own debentures.
- x. Buy back decreases EPS.

Q.1.B.State whether True or False Any Seven:

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- i. Discount on issue of shares should not exceed 25%.
- ii. Rights shares are issued to existing shareholders.
- iii. A company can redeem only fully paid shares.
- iv. Dividend Equalisation Reserve can used for redemption of preference shares.
- v. A company cannot buy its own shares.
- vi. A debenture holder is the creditor of the company.
- vii. Only fully paid up shares can be bought back.
- viii. Equity shares can be bought back from security premium.
- ix. Transfer fees is credited to Repairs Fund account.
- x. Parking charges are divided among members equally.

Q.2.A. Happy Ltd is incorporated with an authorized capital of Rs. 20,00,000 divided into 20,000 Equity shares of Rs. 100 each. The company issued 10,000 Equity shares of Rs. 100 each payable as under:-

On Application Rs. 20; On Allotment Rs. 30;

On First Call Rs. 20 & On Final call Rs. 30.

Applications are received for 15,000 Shares. The directors decided to allot the shares as follows:-

To the applicants for 7,000 shares – Full;

To the applicants for 5,000 shares – 3,000 shares;

To the applicants for 3,000 shares – Nil.

The directors did not make the final call. All the moneys due on shares were duly received except the first call on 500 shares.

Pass Journal Entries, Ledger accounts & the Balance Sheet.

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OR

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Q.2.B. Change Ltd. had an issued share capital of 6,500 7% Red. Cum. Pref. Shares of Rs. 10 each & 22,500 Ordinary shares of Rs. 10 each. The Pref. Shares are redeemable at a premium of 7.5% on 1st August 2012. As on 31st July 2012, the Company's Balance sheet showed following position: -

Liabilities	Rs.	Assets	Rs.
Share Capital		Sundry Assets	3,46,000
7% Pref share Capital	65,000		
Equity share capital	2,25,000	Balance at bank	47,500
P & L A/c	46,000		
Sundry Creditors	57,500		
	3,93,500		3,93,500

In order to facilitate the redemption of the Pref. Shares it was decided:-

- To finance part of redemption from the company's funds, subject to leaving a balance on P & L A/c of Rs. 10,000; and
- To issue sufficient number of Ordinary shares at a premium of Rs. 2.50 per share to raise the balance of funds required.

The Pref. shares were redeemed on the due date & the issue of ordinary shares was fully subscribed. Pass Journal Entries to record the above transactions (including cash) prepare Balance sheet.

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Q.3.A. BOSS Ltd. gave notice of its intention to redeem its outstanding Rs. 4,00,000 6% Debentures stock of Rs.100 each at Rs.102 & offered the holders the following options to apply for their redemption moneys:-

- To subscribe for 5% Cum. Pref. shares of Rs.20 each at Rs.22.50 per share.
- To subscribe for 6% (new) Debenture Stock of Rs.100 each at 96%.
- To have their holdings redeemed for cash.

Holders of Rs.1,71,000 stock accepted the proposal (a) Holders of Rs.1,44,000 stock accepted proposal (b) and the remaining stockholders accepted the proposal (c). Pass Journal Entries to record the above transactions.

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OR

Q.3.B. The AIR INDIA Ltd. issued 2,000, 12% Debentures of Rs. 500 each at a discount of 2%, redeemable at a premium of 5% after 3 years from the date of issue. The company decided to set up a sinking fund for the purpose of redemption by investing necessary funds in 14% securities. Re. 0.290697 invested annually at 14% becomes Re. 1 in a period of 3

years. At the end of the third year, the investments realized Rs. 6,55,000. Pass Journal Entries in the books of the company.

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Q.4.A. The Balance sheet of Ever-Green Ltd. as on 31-03-2002 is as follows: -

Liabilities	Rs.	Assets	Rs.
Equity shares of Rs. 10 each	3,00,000	Net Block	8,00,000
Pref shares of Rs. 100 each	1,00,000	Investments	1,00,000
Security Premium	1,50,000	Current Assets	7,50,000
General Reserve	1,00,000		
P & L A/c	1,00,000		
Debentures	8,00,000		
Current Liabilities	1,00,000		
	16,50,000		16,50,000

Keeping in view all the legal requirements, ascertain the maximum No. of Equity shares that Ever-Green Ltd. can buy-back @ Rs. 30 per share, being the current market price. Assume that the buy-back is carried out actually on the changed terms & accordingly record the entries in the journal of Ever-Green Ltd. & prepare Balance sheet thereafter.

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OR

Q.4.B. Trial Balance of Arihant CHS Ltd. Mumbai as on 31st March 2014 is as under:-

	Rs		Rs
Cash	324.35	Members' contribution for maintenance	1,68,000.00
Bank balance with MSCB	3,751.00	Interest on Bank	130.00
Dues from Members	12,98,393.00	Interest from Members	1,63,348.00
Prepaid Insurance	2,582.00	Share Capital	500.00
Prepaid subscription to Hsg. Federation	900.00	Repairs Fund	1,54,145.70
Building	2,47,000.00	Reserve Fund	1,11,200.00
Electricity charges	5,890.00	Entrance fees	28,243.50
Repairs & Maintenance	3,765.00	Loans:- Mayuresh	29,330.00
Salary	17,900.00	Mahesh	45,119.00
Printing & Stationery	3,422.50	Accounting charges payable	4,800.00
Electrical Lamps	2,067.00	Consultancy fees payable	4,750.00
Conveyance	10,487.00	Audit fees payable	1,618.00
Postage & Telephone	3,227.00	Education fund payable	120.00
Accounting charges	4,800.00	Salary payable	1,350.00
Lease Rent	714.00	Electricity charges payable	400.00
Audit fees	1,618.00	Professional charges	500.00

Education Fund	120.00	payable	
Subscription to Hsg. Federation	300.00	Members contribution towards Flat	2,47,000.00
Property Tax	15,730.00	Income & Expenditure A/c (Opening balance)	6,73,088.65
Interest on Loans	600.00		
Non-Agricultural Tax	2,071.00		
Insurance	3,086.00		
Professional charges	4,750.00		
Misc. Exps.	145.00		
	16,33,642.85		16,33,642.85

Prepare Income & Expenditure A/c for the year ended 31st March 2014 & Balance Sheet as on that date.

Q.5. Write Any Three short notes:

- Calls in Arrears and Calls in Advance
- Distinguish between shares and Debentures
- Conditions of buy back
- Managing Committee
- Types of Housing Societies