

Time: 2½ hrs

Marks:75

- Note:
1. All questions are compulsory with internal options.
 2. Figures to the right indicate full marks.
 3. Draw neat diagram wherever necessary.

Q. 1 (A) Fill in the blanks with the correct answer from the alternatives given below. (Attempt any 8) (08)

- (1) The interest paid to vendor should be allocated in ratio of ----
 - a) Time
 - b) Sales
 - c) Specific Time ratio
 - d) None of the above
- (2) Exchange difference of non-integral foreign operation is transferred to ---
 - a) Suspense A/c
 - b) Profit & Loss A/c
 - c) Foreign currency translation reserves
 - d) None of the above
- (3) Following is not a monetary item:
 - a) Bills Receivable
 - b) cash
 - c) Inventory
 - d) Bills payable
- (4) Unclaimed dividend is shown under -----
 - a) Current Liability
 - b) Long term loans
 - c) Provision
 - d) Reserves
- (5) A company may redeem debentures out of capital if the maturity period is less than ----.
 - a) 18 months
 - b) 12 months
 - c) 15 months
 - d) 24 months
- (6) The uncalled amount in investment shares is known as ____.
 - a) Investments
 - b) Contingent liabilities
 - c) Current liabilities
 - d) Current Assets
- (7) The interest on investment representing sinking fund should be transferred to ---
 - a) Profit & Loss A/c
 - b) Sinking Fund A/c
 - c) Capital Reserve A/c
 - d) Debentures A/c
- (8) The period of preferences shares cannot exceed -----.
 - a) 20 years
 - b) 7 years
 - c) 5 years
 - d) 8 years
- (9) For computation of pre-incorporation profit, freight outward is ----
 - a) Allocated in time ratio
 - b) Allocated in sales ratio
 - c) Treated as pre-incorporation income
 - d) Treated as post incorporation income

(10) The redemption of preference shares is governed by ----

- Section 77
- Section 78
- Section 75
- Section 55

(B) State whether the following statements are true or false. (Attempt any 7) (07)

- Fictitious balances are shown as assets.
- Interim dividend is declared by Board of directors.
- Horses are disclosed under PPE.
- Partly paid preference shares cannot be redeemed.
- Capital Reserve is non divisible profit.
- Preference shares can be redeemed out of profit only.
- Fixed asset should be translated at the rate on the date of transaction.
- Depreciation on tangible asset is translated at the exchange rate on the date of purchase.
- Loss prior to incorporation is debited to goodwill account.
- Post incorporation profit is available for dividend.

Q.2 A) The following are the balances of M/s Bharat Ltd. as on 31-3-2017 (15)

Debit Balances	₹	Credit Balances	₹
Premises	30,72,000	Share capital	40,00,000
Plant	33,00,000	12% debentures	30,00,000
Stock	7,50,000	Profit & loss A/c	2,62,500
Debtors	8,70,000	Bills Payable	3,70,000
Goodwill	2,50,000	Creditors	4,00,000
Bank	4,06,500	Sales	41,50,000
Calls-in-arrear	75,000	General Reserves	2,50,000
Interim Dividend paid	3,92,500	Bad Debts Provision on 1-4-2017	35,000
Purchases	18,50,000		
Share Issue Expenses	50,000		
Wages	9,79,800		
General Expenses	68,350		
Salaries	2,02,250		
Bad Debts	21,100		
Debenture Interest Paid	1,80,000		
	1,24,67,500		1,24,67,500

Additional Information:

- Stock on 31-03-2017 was ₹ 9,50,000
 - Depreciate plant by 15%
 - Write off ₹ 5,000 from share issue expenses.
 - Interest on debentures is due for 6 months.
 - Create 5% provision for doubtful debts.
 - Provide for income tax @ 50%.
- Prepare final accounts for the company.

OR

Q.2 B) Moon and Star Co. Ltd. is a company with an authorised capital of ₹ 5,00,000 (15)
dividends into 5,000 Equity shares of ₹ 100 each on 31-03-2017 on which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31-03-2017.

Trial Balance of Moon and Star Co. Ltd.

Debit Balances	₹	Credit Balances	₹
Opening Stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount Received	3,150
Wages	70,000	Profit and Loss A/c	6,220
Discount Allowed	4,200	Creditors	35,200
Insurance (upto 31-06-2017)	6,720	Reserves	25,000
Salaries	18,500	Unsecured Loan (Long Term)	15,700
Rent	6,000	Share Capital	2,50,000
General Expenses	8,950		
Printing	2,400		
Advertisements	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,500		
Furniture	17,100		
Bank	34,700		
Bad Debts	3,200		
Calls-in-arrears	5,000		
	6,60,270		6,60,270

You are required to prepare Statement of Profit and Loss for the year ended 31-03-2017 and a Balance Sheet as on that date. The following further information is given:

1. Closing stock was valued at ₹ 1,95,000.
2. Depreciation on plant at 15% and on furniture at 10% should be provided.
3. A tax provision of ₹ 8,000 is considered necessary.

The directors declared an interim dividend on 15-03-2017 @ 6% which is yet to be paid.

- Q.3 A)** Rao Galvanising Co. Ltd. Had an authorised equity capital of ₹ 20 lakhs divided into (15) shares of ₹ 100 each. The paid-up capital was ₹ 12,50,000. Besides this, the company had 9 % redeemable cumulative preference shares of ₹ 10 each for ₹ 2,50,000. Balances on other accounts were: securities premium ₹ 28,000; profit and Loss Account ₹ 72,000 and General Reserves ₹ 3,40,000. Included in sundry Assets were investments of the face value of ₹ 30,000 carried in the books at a cost of ₹ 34,000.

The company decided to redeem the cumulative preference shares at 10% premium, partly by the issue of equity shares of the face value of ₹ 1,20,000 at a premium of 10%. Investments were sold at 105% of their value. All preferences shareholders were paid off except 3 holders holding 250 shares.

After redemption of the cumulative preference shares, 1 fully paid bonus share was issued for every 4 shares held.

Give the necessary journal entries bearing in mind that the directors wanted a minimum reduction in free reserves. While effecting the above transactions. Working should form part on your answer.

OR

- Q.3 B)** Vasundhra Ltd. has 6,000, 8 % of debentures of ₹ 100 each due for redemption in (15) four equal annual instalments starting from March 31, 2013. Company decided to create DRR @ 25 %. Debentures Redemption Reserves (DRR) has a balance of

₹ 70,000 on that date. Company decided to create further DRR of ₹ 80,000 on 31-3-2013. Record necessary journal entries. The company complied with the requirements with respect to investment made in government securities on 30th April, 2012.

- Q.4 A) A Ltd. Was incorporated on 1st May, 2016 to take over the running business of M/s. Om from 1st January, 2016. The accounts of A Ltd. Were made up to 31st December, 2016 and draft Trading and Profit and Loss Account were as follows: (15)

particulars	₹	particulars	₹
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 Directors fees	20,000		
To Salaries	51,000		
To Office Expenses	42,000		
To Travellers Commission	12,000		
To Discounts	5,000		
To Advertisements	10,000		
To Bad Debts	3,000		
To Depreciation	15,000		
To Debenture 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.

OR

- Q.4 B) XY Enterprise has a branch in New York as on 31st March, 2017, the trail balance of the branch was as follows: (15)

Particulars	Dr. \$	Cr. \$
Head office account	-	8500
Sales	-	61000
Goods from Head Office	44,000	-
Stock on 1 st April 2016	8,500	-
Furniture	9,000	-
Cash in box	250	-
Bank Balance	1250	-
Salaries	2,800	-
Rent	1,200	-
Insurance	150	-
Outstanding Expenses	-	800
Sundry Debtors	3,150	-
	70,300	70,300

The branch account in head office shows debit balance ₹2,14,500 and goods sent to branch credit balance of ₹ 13,15,500.

Depreciate Furniture @ 10% p.a.

Stock at branch 31st March 2017 was \$ 7,500.

Furniture was purchased in 2017 when one \$ = ₹ 20.

Exchange rates were:

On 1-4-2016 1\$ = ₹ 28

On 31-3-2017 1\$ = ₹ 30

Average Rate 1\$ = ₹ 29

You are required to prepare Branch Trial balance by converting in Rupees and prepare Branch Trading and Profit and Loss A/c for the year ended 31-3-2017 and Balance sheet as on that date.

Q.5 A) Explain the provision of companies Act, 2013 about Redemption of preference shares? (08)

B) Compare integral and non-integral foreign operations. (07)

OR

Q.5 Write short notes on (Attempt any 3) (15)

- (1) Capital Redemption Reserves
- (2) Debenture Redemption Reserves
- (3) Sales Ratio
- (4) Time Ratio
- (5) Contingent Liabilities

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