

Time : 2 ½ Hours

Marks : 75

- NB : 1) Question no.1 is Compulsory.  
 2) Attempt Q.2 to Q.5 with internal choice.  
 3) Figures to right indicate full marks.  
 4) Use of simple calculator is permitted.



Q.1. (A) State whether the following statements are true or false. (Attempt any Eight). (08)

1. Fictitious balances are shown as assets.
2. Interim dividend is declared by board of directors.
3. Horses are disclosed under PPE.
4. Partly paid preference shares cannot be redeemed.
5. Capital reserve is Non divisible profit.
6. Preference shares can be redeemed out of profit only.
7. Fixed asset should be translated at the rate on the date of transaction.
8. Depreciation on tangible asset is translated at the exchange rate on the date of purchase.
9. Loss prior to incorporation is debited to goodwill account.
10. Post incorporation profit is available for dividend.

(B). Match the Following Columns (Attempt Any Seven)

(07).

Column A	Column B
1. Dividend to shareholders	a) Profit & Loss Appropriation A/c
2. Audit Fees	b) Time Ratio
3. Pre incorporation Profit	c) Capital Reserve
4. Exchange difference	d) Charged to P & L
5. Non-Monetary items	e) Historical cost
6. Insurance Policy	f) Fund Investment
7. Debenture redemption	g) Not reduction of capital
8. Mango Trees	h) Bearer Plants
9. Proposed Dividend	i) Contingent Liability as a note
10. Issue of Bonus shares	j) Share Capital

Q.2. From the following particulars furnished by Elegant Ltd. Prepare the balance-sheet as on 31<sup>st</sup> March, 2019 as required by Part-1, Schedule III of the companies Act, 2013. (15)

Particulars	Debit (Rs.)	Credit (Rs.)
Equity Share capital (Face Value of 100 each)		50,00,000
Call in arrears	5,000	
Land & Building	27,50,000	
Plant & Machinery	26,25,000	
Furniture	2,50,000	
General Reserve		10,50,000
Loan From State Financial Corporation		7,50,000
Stock:		
Raw Materials	2,50,000	
Finished Goods	10,00,000	



Provision for Taxation		3,40,000
Sundry Debtors	10,00,000	
Advances	2,13,500	
Proposed Dividend		3,00,000
Profit & Loss Account		5,00,000
Cash at bank	1,50,000	
Preliminary Expenses	12,35,000	
Unsecured Loan		6,05,000
Sundry Creditors (for goods and expenses)		10,00,000

The following additional information is also provided:

1. Preliminary expenses included Rs 25,000 Audit Fees and Rs 3,500 for out of pocket expenses paid to the auditors.
2. 10,000 equity shares were issued for consideration other than cash.
3. Debtors of Rs 2,60,000 are due for more than 6 months.
4. The cost of the assets were:  
Building Rs 30,00,000, Plant Machinery Rs 35,00,000 and Furniture Rs 3,12,500.
5. The balance of Rs 7,50,000 in the Loan account with State Finance Corporation is inclusive of Rs 37,500 for the interest accrued but not due. The loan is secured by hypothecation of plant & Machinery.
6. Balance at bank Rs 10,000 with Global Bank Ltd, which is not a scheduled bank.

OR

Q.2. (A) Show necessary Journal entries and disclosure of relevant items in final account. (08)

**Trial Balance as at 31<sup>st</sup> March, 2019.**

Particulars	Debit (Rs)	Credit (Rs)
Advance Income Tax 2017-18	2,00,000	
Advance Income Tax 2018-19	1,30,000	
Provision for Income Tax 2017-18		1,80,000

**Adjustments:**

1. The Income Tax Assessment for 2017-18 has been completed during the year and the tax liability has been fixed at Rs 2,20,000. No effect has been given to this in the accounts.
2. Provision for Income tax to be made for the year 2018-19 is Rs 1,20,000.

(B) Show the presentation of the following items under the appropriate notes to account forming part of the balance sheet of Rahul Ltd as on 31<sup>st</sup> March, 2019. (07)

Particulars	Amount (Rs)
1. General Reserve (Opening Balance)	50,00,000
2. Debenture Redemption Reserve (Opening Balance)	10,00,000
3. Profit & loss A/c (Opening Balance)	30,00,000
4. Net Profit for the year (Before Transfer & Appropriations)	40,00,000
5. Transfer to general reserve	10,00,000
6. Transfer to Debenture Redemption Reserve	5,00,000
7. Interim Dividend paid	1,00,000
8. Dividend declared after the balance sheet date	4,00,000



Q3. A company issued Rs 1,80,000 redeemable preference shares at par on 1<sup>st</sup> Jan, 2015, redeemable at the option of the company on or after 31<sup>st</sup> Dec, 2016 in whole or part. (15)

The following redemption were made out of profit:

On 30<sup>th</sup> June, 2017: Rs 60,000, On 30<sup>th</sup> June, 2018: Rs 40,000

In December, 2018 the company issued equity shares of the face value of Rs 60,000 at a premium of 2% and on 31<sup>st</sup> December in the same year, it redeemed the balance of preference shares.

Pass the necessary journal entries to record the above transactions.

OR

Q.3. Hero Honda Ltd. Issued 12,000 9% debenture of Rs 100 each at a premium of 10% redeemable at par on 1<sup>st</sup> April 2013. The debenture are redeemable at the end of 5 years. Interest is payable on 31<sup>st</sup> March and accounting years ends on 31<sup>st</sup> March. Every year required amount is transferred to redemption reserve. (15)

Pass journal entries in the books of Hero Honda Ltd.

Q.4. ABC Ltd. Was incorporated on 1<sup>st</sup> April, 2015 to take over the business of M/s ABC & Co. with effect from 1<sup>st</sup> Jan, 2015. The Company prepared its first profit and loss account on 31<sup>st</sup> March, 2016 which was as follows: (15)

Particulars	Amount (Rs)
Sales	2,70,000
Cost of Goods Sold	1,80,000
Salaries	13,000
Depreciation	2,000
Selling Expenses	18,000
Office Expenses	4,000
Formation Expenses	2,000
Rent	8,700
Interest	13,500
	2,41,200
<b>Profit</b>	<b>28,800</b>

Additional Information:

1. The company was able to double the average monthly sales from 1<sup>st</sup> April, 2015 but the salaries trebled from that date.
2. The company occupied additional space from 1<sup>st</sup> July, 2015, for which the rent was Rs 300 P.m.
3. 50% of the selling expenses are fixed.
4. The purchase consideration was agreed at Rs 50,000. It was settled on 1<sup>st</sup> April, 2015, with interest at 12% P.a. The company borrowed Rs 1,00,000 at 12% p.a. to pay the purchase consideration and for the working capital.

Find out pre and post incorporation results.

OR



4

Q.4. Tom Ltd. Had a branch at New York. Its Trial Balance as at 30<sup>th</sup> September 2013. (15)

Particulars	Dr.US \$	Cr.US \$
Cash in hand and bank	60	
Debtors	240	
Creditors		170
Head office A/c		1,140
Trade expenses	20	
Rent	20	
Salaries	60	
Wages	30	
Goods from head office	800	
Purchases	2,400	
Sales		4,160
Stock (1.10.2012)	560	
Plant and Machinery	1,280	
<b>Total</b>	<b>5,470</b>	<b>5,470</b>

Adjustments	Amount( Rs)
1.Stocks on 30.09.2013	\$ 520
2.H.O A/c shows good sent to branch at	Rs 39,400
3. H.O A/c shows an amount due from branch	Rs 43,000
4. Depreciation Plant and Machinery By	10 %
5.Exchange rates:	
Fixed Asset	1 \$=Rs 38
Opening Rate	1 \$=Rs 39
Closing Rates	1 \$=Rs 41
Average Rates	1 \$=Rs 40

Q.5. (A) Explain the basis of allocation of expenses with example in brief? (08)

(B) Explain the provision of companies Act, 2013 about redemption of preference shares? (07)

OR

Q.5. Write a short note on (Attempt any Three) (15)

1. Capital Work in progress.
2. Divisible profit.
3. Depreciation and amortisation expenses.
4. Integral Foreign operation
5. Debenture Redemption Reserve