

Max. Marks: 75

Instructions:

- All questions are compulsory subject to internal choice.
- Figures to the right indicate full marks.

Q. 1.

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

- Capital redemption reserve can be used only for the issue of bonus shares.
- Treatment of monetary items is same as per integral and non-integral financial operations.
- Proposed dividends are contingent liability after commencement of Companies Act, 2013.
- Terms of redemption of debentures are mentioned at the time of issue.
- Calls in arrear are deducted from share capital.
- Debenture redemption reserve is created out of capital reserve.
- Debenture interest in case of running business taken over by company is distributed on time basis.
- Patents are fictitious assets.
- Balance in debenture redemption reserve after redemption is transferred to capital reserve.
- Debenture due for redemption within 3 months from the balance sheet date is appears under the head of long term liability.

B. Match the pair (Attempt any Seven) [07]

	Column A		Column B
1	Accounting Standard – 1	a	Form of Statement of Profit and Loss
2	Accounting Standard – 11	b	Sales basis
3	Part I of Schedule III	c	Long term borrowings
4	Part II of Schedule III	d	Non-current assets
5	Advertisement expenses	e	Short term borrowings
6	Rent, rates and taxes	f	Form of Balance sheet
7	Interest on bank overdraft	g	Disclosure of Accounting Policy
8	Deferred tax assets	h	Accounting for foreign currency
9	Debentures	i	Time Basis
10	Bank overdraft	j	Finance Cost

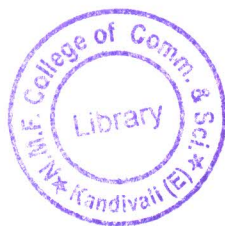
Q. 2. A [15]

The following information is available in respect of NP Ltd.

Capital reserve Rs. 50,000; Securities Premium Rs. 60,000; General Reserve Rs. 30,000; Profit & Loss Account - Rs. 2,20,000; The company had Rs. 4,00,000 in bank account. During the year company had purchased a machinery worth Rs. 2,00,000. It sold an investment costing Rs. 5,70,000 for Rs. 6,00,000. It had 2,00,000 7% Preference Shares of Rs. 10 each to be redeemed at premium of 10%. The company decided to issue such number of equity shares of Rs. 100 each at premium of Rs. 25 per share so as to have minimum cash of Rs. 10,00,000.

Draft necessary journal entries in the books of NP Ltd. considering the provisions prescribed in the Companies Act, 2013.

(Ignore depreciation on assets)



OR

Q.P. CODE: 35206

Q. 2. B.

[15]

On 01.04.2008 VM Ltd. had issued 10,000 6% debentures of Rs. 100 each issued at discount of 4% redeemable on 01.08.2018 at premium of 20%. Company has balance in Debenture redemption reserve of Rs. 4,00,000 and Debenture redemption investments of Rs. 3,00,000. Investments were sold at par. Debenture holders were offered following options:

- Issue of equity shares of Rs. 10 each at 20% premium
- Issue of 8% debentures of Rs. 100 each at 10% discount
- Cash.

Additional information:

- 30% of the debenture holders opted for option a.
- 30% of the debenture holders opted for option b.
- Balance opted for cash.

Pass necessary Journal entries in the books of VM Ltd. for issue and redemption.

(Ignore annual interest payments.)

Q. 3. A

[15]

AKP Ltd. was incorporated to take over a running business of AP trading concern firm with effect from 01.04.2017. The company was incorporated on 01.07.2017. The following further information is provided.

Particulars	Amount	Particulars	Amount
To Salaries	80,000	By Gross Profit	4,00,000
To Office expenses	30,000		
To Publicity expenses	24,000		
To Insurance expenses	60,000		
To Carriage outward	15,000		
To Fees to Director	40,000		
To Depreciation	36,000		
To Commission on sales	90,000		
To Discount allowed	5,000		
To Net Profit c/d	20,000		
	4,00,000		4,00,000

Other Information:

- The sales were normal in the month of April. It was doubled from the period of May to January. It increased to three times the sales in April in the month of Feb and March.
- Salaries include salary to vendor Rs. 10,000 and salary to Director Rs. 5,000.
- Depreciation includes depreciation on machinery purchased on 01.12.2017 of Rs. 6,000.
- Publicity expenses were incurred by AKP Ltd.

Prepare statement showing distribution of profit in pre and post incorporation period for the year ended 31.03.2018

OR



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Q. 3. B.

[15]

The following balances appeared in the London Branch of NP Ltd. having head office at Mumbai as on 31.03.2018

Particulars	Debit (£)	Particulars	Credit (£)
Stock on 01.04.2017	1,000	Sales	4,000
Purchases	2,000	Trade Payables	2,000
Trade Receivables	3,000	Interest on investments	200
Insurance	600	H.O. Account	8,000
Carriage Inward	100		
Salaries	300		
Postage	600		
Building	4,200		
Land	1,000		
Bank Balance	1,400		
	14,200		14,200

Additional Information:

The stock on 31.03.2018 was £ 1,000. Building was purchased when 1 £ was equal to Rs. 70. Depreciation is provided on building @ 10 %. Land was purchased when 1 £ was equal to Rs. 75. The branch account in the books of head office account shows debit balance of Rs. 3,00,000.

The Following were the exchange rates during the year:

01.04.2017 1£ = Rs. 80

31.03.2018 1£ = Rs. 90

Average rate 1£ = Rs. 85.

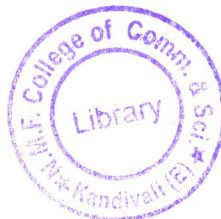
You are required to convert the trial balance in reporting currency and prepare Profit & Loss Account and Balance sheet of the branch in the books of head office for the year ended 31.03.2018.

Q. 4. A.

[15]

The following is the trial balance of SS Ltd. as on 31.03.2018

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Machinery	15,00,000	Equity Share capital	10,00,000
Land	10,00,000	9% Preference Share capital	8,00,000
Debtors	3,00,000	Sales	20,00,000
Purchases	8,00,000	Bills Payable	2,00,000
Advance Tax	50,000	Cash credit	1,00,000
Investments	3,00,000	Unclaimed dividend	20,000
Wages	30,000	General Reserve	80,000
Salaries	1,50,000	P & L A/c	2,00,000
Rent	60,000	10% Debentures	1,00,000
Opening Stock	90,000		
Interest on Debentures	10,000		
Licenses and Franchise	1,80,000		
Interim Dividend	30,000		
	45,00,000		45,00,000



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Additional Information:

- The authorised capital of the company was 20,000 equity shares of Rs. 100 each & 8,000 9% Preference of Rs. 100 each.
- Closing stock as on 31.03.2018 was Rs. 60,000.
- Depreciation was to be provided on Machinery @ 10%.
- 10% of the investments were short term in nature.
- Debentures were to be redeemed on 31.08.2018.
- Create provision for doubtful debt @ 10%.
- During the year Rs. 20,000 were transferred to General reserve.
- Provide for Taxation @ 30%.

Prepare Income statement & Balance sheet from the given information.

Q. 4. B. 1.

[08]

VK Ltd. has authorised capital of Rs. 20,00,000 divided in 1,00,000 equity shares of Rs. 10 each, 50,000 8% Preference shares of Rs. 10 each and 50,000 10% Convertible Preference shares of Rs. 10 each. The company has issued 60,000 shares out of which 58,000 shares have been subscribed. The company has received Rs. 8 per share. The company had made the final call of Rs. 2 per share. It has not received the call money on 2,000 shares. The company has fully issued its 8% Preference shares and paid up. However only 50% of the 10% convertible shares are issued and it is subscribed upto 95% which are fully paid up. Show detailed note to accounts of Share capital.

2.

[07]

A company has the following information on 31.03.2017:

	Original Cost	Accumulated Depreciation
Furniture	10,00,000	6,00,000
Building	6,00,000	4,00,000
Vehicles	4,00,000	100000
Land	5,00,000	0

The company provides depreciation on Furniture, Building and Motor Car @ 12%, 5% and 10% respectively on original cost. The company has purchased a new Furniture on 31.12.2018 of Rs. 3,00,000. During the year a part of the land costing Rs. 1,00,000 was sold at cost. Show detailed note to accounts of Fixed Assets for the year ending on 31.03.2018.

Q. 5. A Compare integral and non-integral foreign operations

[08]

B State the provisions relating to redemption of preference shares.

[07]

OR

Q. 5. Write short notes on: (Attempt any three)

[15]

- Debenture redemption reserve and debenture redemption investments.
- Time ratio and sales ratio.
- Fixed assets.
- Capital redemption reserve.
- Proposed dividend and interim dividend.