

Time: 03hrs.

Marks:100

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

Q1. (A) Fill in the blanks with proper words: (Any 10) (10)
 (par discount and premium, bonus shares, current liabilities, creditors of goods, capital profit allocated in purchase ratio, sales ratio, employees, OPC, statutory company, contingent liability, only redeemable preference shares.)

- 1 _____ should form part of the name of One Person Company.
- 2 Unclaimed dividend is shown under _____.
- 3 Sweat Equity shares are issued to _____.
- 4 Trade Payables includes _____.
- 5 Debentures may be issued at _____.
- 6 The shares offered free of cost are called as _____.
- 7 RBI is a _____.
- 8 Discount on issue of debenture is _____.
- 9 A company can issue only _____.
- 10 Capital Reserve is _____.
- 11 For the computation of pre-incorporation traveling expenses are allotted in _____.
- 12 For the computation of pre-incorporation profit carriage on purchases is allotted in _____.

Capital
Loss

Q1. (B) State whether the statement is True or False: (Any 10) (10)

- 1 The authorized capital is disclosed only for information.
- 2 The shares of all the companies are listed on the stock exchanges.
- 3 Participating Preference shareholders can participate and vote on all matters affecting the company.
- 4 Debenture capital is also called as debt capital.
- 5 In the case of redemption of debenture, the creation of a debenture Redemption Reserve is optional to the company.
- 6 Capital Reserve and Reserve Capital are one and the same.
- 7 IPO stands for Initial Public Offer.
- 8 Bills under discount are a contingent liability.
- 9 Debenture issued out of profit is bonus debentures.
- 10 Interest accrued but not due is other current liability.
- 11 Loss prior to incorporation is transferred to Goodwill.
- 12 Dividend Equalization Reserve is a divisible profit.

Q2. (A) Enron Ltd. gave notice of its intention to redeem outstanding ₹6,00,000 -8% debentures at ₹103 and offered the holders the following option. (20)

- A) 10% preference shares of ₹20 each at ₹25.
- B) 9% debentures add ₹96.
- C) To have their holdings redeemed for cash.
 - i) The holders of ₹1,00,080 debentures accepted proposal (a)
 - ii) The holder of ₹2,40,000 debentures accepted proposal (b)
 - iii) The remaining debenture holders accepted proposal (C)

Pass necessary journal entries in the books of Enron Ltd. Assuming the redemption was made fully out of profit, if applicable.

OR

(B)2.1 Teebee limited had issued 1,50,000-10% preference shares of ₹10 each, redeemable at premium of 10% on 31st December 2017. The company has adequate balance in General reserve to provide fund for redemption, company (10)

- i) Sold investment costing ₹2,00,000 for ₹3,00,000.
 - ii) Issued for cash- 2500-15% debentures of ₹100 each At par.
 - iii) Issued 50,000 equity shares off ₹10 at premium of ₹4 per share.
- Pass the necessary journal entries.

AND

(B)2.2 H limited. Had 8000 -8% Redeemable preference shares of ₹100 each, fully paid up. The company decided to redeem these preference shares at par by the issue of a sufficient number of equity shares of ₹10 each fully paid up at (10)

par. You are required to pass necessary journal entries including cash transactions in the books of the company.

- Q3. (A) Amey limited. Was incorporated on 1st August 2016 to take over a running partnership business with effect of from 1st April 2016. Following the details of income and expenses for the year ended 31st March 2017 (20)

Particulars	Amount	Amount
Gross profit		19,20,000
Less: Expenses		
-Directors fees	98,000	
- Rent	1,71,000	
- Bad debts	24,000	
-Salaries	3,66,000	
-Interest on debentures	48,000	
-Depreciation	1,32,000	
-Preliminary expenses are written off	84,000	
-General expenses	98,400	
-Commission on sales	72,000	
-Printing and stationery	1,86,000	
-Advertisement Expenses	2,41,000	
-Audit fees	1,17,200	
-Carriage outward	1,45,600	
-Electricity charges	88,800	
-Insurance premium	48,000	(19,20,000)
Net profit		NIL

Additional information :

- Rent is paid on the basis of floor space occupied. Floor space occupied was doubled in the post incorporation.
- Sales for each month of December 2016 to March 2017 were doubled the monthly sales of April 2016 to November 2016.
- Audit fees are for the entire year.
- Baddebts of ₹1000 were in respect of sales affected 2 years ago.
- Mr.Amogh was a working partner in the firm entitled remuneration of ₹24,000 per month .From 1st August 2016, he was made the managing director of the company and was entitled a salary of rupees ₹30,000 per month. The remaining salary is to 2 clerks employed during the period from 1st of July 2016 TO 30th of November 2016.

Prepare a statement showing profit for the pre and post incorporation Separately.

OR

- (B) Beeta limited had issued 5000 12% debentures of ₹100 each under SEBI regulation redeemable on 31st of December 2013 at a premium of 5% the company offered 3 options to debenture holders as follows: (20)

- 14% preference shares of ₹10 at ₹12
- 15% debentures of 100 at par.
- Redemption in cash

The options accepted as under

- Option by holder of 1500 debentures
- Option by holder of 1500 debentures
- Option by holders of 2000 debentures

The Redemption was carried out by the company after creating Debenture Redemption Reserve for the minimum amount required by law. Show necessary journal entries.

- Q4. (A) Sachin Limited was incorporated to take over the running business of the Tendulkar brothers with effect from 1st April 2016. The company was incorporated on 1st August 2016 and it commenced its business on 1st October 2016. The following information was available from the books of account which you are closed on 31st March 2017. (20)

Particulars	Amount	Amount
Gross profit		3,50,000
Less: office salaries	1,35,000	
Office expenses	45,000	
Travelling expenses	24,600	

Office rent	48,000	
Salesman Commission	24,500	
Depreciation	10,500	2,87,600
Net profit		62,400

Additional information;

1. Sales were ₹2,50,000 per month during pre Incorporation. While total sales for the year were ₹35,00,000. The sales arose evenly throughout the concerned..
2. Office rent was ₹42,000 p.a. It became ₹54000 p.a. from date of commencement of business.
3. Travelling expenses Includes ₹3600 Incurred buy office staff and balance by sales staff
4. Depreciation Includes ₹3000 for the asset acquired post Incorporation..
5. Salaries include partner salary ₹30,000 while the remaining salary was for office staff.

Prepare statement of profit and loss for the year ended 31st March 2017 in columnar format from showing profit or loss during the pre Incorporation and post Incorporation. Separately.

OR

- (B) A limited company issue ₹1000, 15% 5000 first mortgage debentures on which the amount payable is ₹200 on application; ₹300 on allotment and balance on first call. In addition the company offers 1000-12% second mortgage debentures of ₹1000 each and the entire money is payable at time In case of second mortgage debenture the company received applications for ₹1,200 debentures. The directors made pro rata allotment and access money was refunded. (20)
- Pause the necessary journal entries including those for cash transactions.

- Q5. 5.1. Employee stock option plan and the legal provisions governing it. (10)
- AND
- 5.2. Distinguish between shares and debentures (10)

OR

- Q5. Short notes (attempt any 4 out of 6) (20)
- A. Explain the term Time Ratio and Sales Ratio with example
 - B. Explain the profit and loss vertical statement
 - C. List any 5 features of company.
 - D. Forfeiture of shares explained with an example
 - E. Redemption of debentures with example.
 - F. Redemption of preferences with example.

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