

- 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) Multiple Choice Questions: (Any 10)

(10)

- (1) Discounted Bill of Exchange is a \_\_\_\_\_.  
a) Current Liability      b) Loan      c) Contingent Liability      d) Fixed Liability
- (2) Capital Reserve is \_\_\_\_\_.  
a) Current year's profit      b) Past accumulated profits  
c) Capital Profit      d) Divisible Profit
- (3) Travelling Expenses are allocated in \_\_\_\_\_.  
a) Time Ratio      b) Post Period      c) Sales ratio      d) Purchase Ratio
- (4) Debenture Redemption Reserve must be created when a company redeems debentures \_\_\_\_\_.  
a) Out of Capital      b) By conversion  
c) Out of Profit      d) None of the above
- (5) \_\_\_\_\_ should form part of the name of One Person Company.  
a) LLP      b) Public Limited      c) OPC      d) None of the above
- (6) Unclaimed dividend is shown under \_\_\_\_\_.  
a) Current Assets      b) Reserve & Surplus  
c) Current Liabilities      d) None of the above
- (7) Sweat Equity shares are issued to \_\_\_\_\_.  
a) Shareholders      b) Debenture holders      c) Employees      d) Auditor
- (8) Capital Redemption Reserve can be utilised for \_\_\_\_\_.  
a) Payment of Dividend      b) Payment of loans  
c) Issue of fully paid bonus shares      d) All of the above
- (9) Excess of consideration paid over net value of assets taken over is called \_\_\_\_\_.  
a) Capital Reserve      b) Securities Premium      c) Goodwill      d) Loss
- (10) Excess application money is to be refunded in the case of \_\_\_\_\_.  
a) Over paid      b) Under Subscription      c) Over Subscription      d) All of the above
- (11) Sinking Fund A/c for redemption of debentures is shown under \_\_\_\_\_.  
a) Unsecured Loans      b) Secured Loans  
c) Reserves & Surplus      d) Fixed Assets
- (12) Trade Payable includes \_\_\_\_\_.  
a) Creditors for assets purchased      b) Creditors for Expenses  
c) Creditors for goods      d) All of the above

## (B) State whether the following statements are true or false: (Any 10)

(10)

- (1) Shares of all companies are listed on the Stock Exchanges.
- (2) Capital Reserve & Reserve Capital are one and the same.
- (3) Profit prior to incorporation is transferred to General Reserve.
- (4) Gross profit should be distributed in the time ratio.
- (5) Short term loan is the loan due for more than 3 years.
- (6) Dividend Equalisation Reserve is a divisible profit.
- (7) Loss prior to incorporation is transferred to goodwill.
- (8) IPO stands for Initial Public Offer.
- (9) Interest accrued but not due is other current liability.
- (10) Preference shares may be convertible into equity shares.
- (11) Loose tools are shown under current liabilities.
- (12) Dividend declared is disclosed as a contingent liability.

- Q.2 BSW Ltd. was incorporated on 1<sup>st</sup> July 2022 to acquire the business from 1<sup>st</sup> April 2022. It received (20) certificate of commencement of business on 1<sup>st</sup> August 2022. Its Profit & Loss Account for the year ended 31<sup>st</sup> March 2023 is as under:

Expenses	₹	Incomes	₹
To Office Salaries	60,000	By Gross Profit b/d	5,20,000
To Selling Expenses	78,000		
To Carriage Outward	42,250		
To Rent & Taxes	1,20,000		
To Debenture Interest	25,400		
To Printing & Stationery	15,000		
To Advertising Expenses	65,000		
To Net Profit	1,14,350		
	5,20,000		5,20,000

**Additional information:**

- Sales for the pre-incorporation period was @ ₹ 5,00,000 per month. Total sales for the year ended 31<sup>st</sup> March 2023 was ₹ 65,00,000.

Prepare Profit & Loss A/C in a columnar form for the year ended 31<sup>st</sup> March 2023 allocating various items on suitable basis in the pre-incorporation & post-incorporation period.

OR

- Q.2 A company was incorporated on 1<sup>st</sup> September, 2022 to take over the business of a proprietor w.e.f. 1<sup>st</sup> (20) April 2022. A company's Profit & Loss Account for year ended 31<sup>st</sup> March, 2023 is given as under:

**Profit & Loss Account for the year ended 31-03-2023**

Particulars	Amount (₹)	Amount (₹)
Gross Profit		50,000
Less : Salaries		
Office Staff	12,000	
Proprietor	3,000	
General Expenses		
Fixed	6,000	
Variable	2,000	
Travelling Expense		
Office Staff	12,000	
Salesmen	15,000	
	50,000	50,000

**Other information:**

- Sales during the year ended were ₹ 3,00,000 of which ₹ 1,80,000 relate to the post incorporation period.

You are required to prepare Profit & Loss Account for year ended 31<sup>st</sup> March 2023 showing profit or loss in pre-incorporation period & post-incorporation period.

- Q.3 Balance Sheet of Siddhi Ltd. as on 31<sup>st</sup> March, 2023 was as under –

(20)

Liabilities	₹	Assets	₹
10% Pref. Shares of ₹ 100 each fully paid	5,00,000	Fixed Assets	11,00,000
Equity Shares of ₹ 10 each fully paid	10,00,000	Bank	90,000
Securities Premium	4,00,000	Preliminary Expenses	10,000
General Reserve	3,00,000	Investments	4,00,000
8% Debentures of ₹ 100 each	4,00,000	Other Current Assets	14,00,000
Current Liabilities	4,00,000		
	30,00,000		30,00,000

- On the above date, the company decided to redeem its Preference Shares at 10% premium.
- For this purpose, the company sold its investments at a profit of 10% and issued 25,000 Equity Shares of ₹ 10 each at par.
- Preference Shares were duly redeemed. All the money under new issue was received and all money on redemption was paid.

You are required to give necessary Journal Entries for the above transactions keeping in view all the legal requirements.

OR

- Q.3 Hridanshi Ltd. whose issued share capital on 31-12-2022, consisted of 12,000 8% redeemable preference shares of ₹ 100 each fully paid and 40,000 equity shares of ₹ 100 each, ₹ 80 paid up, decided to redeem preference shares at a premium of ₹ 10 per share. The company's balance sheet as at 31-12-2022, showed a general reserve of ₹ 18,00,000 and a capital reserve of 1,70,000. The redemption was effected partly out of profits and partly out of the proceeds of new issue of 6,000 7.5% cumulative preference share of ₹ 100 each at a premium of ₹ 25 per share. You are required to pass necessary journal entries.

- Q.4 a) Give journal entries for issue of debentures in the following case and also prepare balance sheet. (10)  
Issued 1,000 7% debentures of ₹ 100 each at a premium of 5%, redeemable at par.
- b) Give journal entries for issue of debentures in the following case and also prepare balance sheet. (10)  
Issued 1,000 7% debentures of ₹ 100 each at a premium of 5%, redeemable at a premium of 8%.

OR

- Q.4 Pranshi Ltd. issued 3,000 Equity shares of ₹ 10 each payable as ₹ 3 per share on Application, ₹ 5 per share (including ₹ 2 as premium) on allotment and ₹ 4 per share on call. All the shares were subscribed. Money due on all shares was fully received except of Pranshu, holding 50 shares, failed to pay the allotment and call money and Shyam, holding 100 shares, failed to pay the call money. All those 150 shares were forfeited. Of the shares forfeited, 125 shares (including whole of Pranshu's share) were subsequently re-issued to Keshav as fully paid up at a discount of ₹ 2 per share. Pass the necessary entries in the Journal of the company to record the forfeiture and re-issue of the share. Also prepare the Balance Sheet of the company. (20)

- Q.5 a) Distinguish between Shares & Debentures. (10)
- a) Explain the procedure for issue of shares. (10)

OR

- Q.5 Write short notes on: (Any Four) (20)
- Non-Divisible Profit
  - Profit prior to incorporation
  - Issue of shares
  - Sales Ratio & Time Ratio
  - Sweat Equity Shares
  - Sources of Bonus Issue